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NEWS SUMMARY

Lake search for Moro

Italian police frogmen are to resume their search at dawn for the body of Sig. Aldo Moro, the former Prime Minister, in a deserted lake on the borders of the Abruzzi and Lazio regions, about 40 miles from Rome.

The search began after a communique in the name of the Red Brigades had announced Sig. Moro's "suicide." Seventh in a series of such messages since the ex-Premier was kidnapped on March 16, it is thought by the authorities to be authentic as to source. But there were reservations over its content.

It read, in part: "Today (April 18) marks the end of the dictatorship of the Christian Democrat Party which for 30 years has wickedly dominated through the logistics of abuse of power.

"At this date, we report the carrying out of the execution of the Christian Democrat President through suicide . . . Aldo Moro's body is at the muddy bottom of Lake Duchessa in the province of Rieti."

Emergency meetings of the main political parties were called immediately and Sig. Giulio Andreotti, Prime Minister, instructed Ministers to stand-by for a special session of the Cabinet.

Official scepticism over the communique's contents was partly due to the suggestion that the terrorists might be seeking to divert security forces to the lakeside following police discovery yesterday morning of a reported Red Brigade hideout off Rome's Via Cassia.

The communiqué warned that "this is but the beginning of a long series of suicides." Referring to the suicides of terrorists held in West Germany, it added: "Suicide must not remain the exclusive prerogative of the Baader-Meinhof group.

"Now, repeat now, may begin to tremble for their misdeeds the various Francesco Cossiga (Interior Minister), Giulio Andreotti (Prime Minister) and Paulo Emilio Taviani (former Interior Minister)."

GENERAL

Forces drain admitted

Mr. James Callaghan admitted in the Commons that leaked figures which show a heavy drain of men from the armed forces because of dissatisfaction over pay were probably correct.

On the strength of the figures Mrs. Margaret Thatcher, Opposition leader, pressed the Prime Minister to give the Services an increase over the 10 per cent. guidelines. - **Whitehall concern, Page 10**

Panama treaty

The U.S. Senate last night ratified the second Panama Canal treaty which will permit Pamana to take over the canal at the end of the century. Voting was 68 to 32 for the measure which has taken 14 years to negotiate.

NUJ ruling

The Attorney-General was granted permission to bring High Court proceedings for alleged contempt of court against the National Union of Journalists. This follows the naming in the union's newspaper of Colonel B, a prosecution witness at the committal of two journalists and an ex-Army corporal who face official secrets charges. **NUJ conference, Page 14**

Bryant cleared

Mr. Christopher Bryant, chairman of the Bryant construction group, was found not guilty at the Old Bailey on two counts of conspiracy to corrupt and discharged. **Page 8**

Mormon trail

Canadian police said they were following a "pretty cold trail" in their efforts to trace Miss Joyce McKinney and Mr. Keith May, the Mormon couple who jumped bail in London where they face kidnapping charges.

Briefly . . .

The Isle of Man is to have Britain's first £1 coin. It will probably be smaller than a 50p piece.

Spain is to abolish the death penalty and introduce sentences of up to 40 years imprisonment in its place.

Manchester City council rejected an application by the National Front to hold a private meeting in North Manchester High School on Friday.

The dissident former Soviet General Pyotr Grigorenko, 70, has requested political asylum in the U.S.

The world's birthrate dropped to its lowest level in recorded history in the past year.

West Indies beat Australia by 198 runs in the fourth Test to win the five-match series 3—1.

BUSINESS

Equities up, but Gilts recovery checked

● **EQUITIES** rallied yesterday in the wake of Wall Street. The FT 30-share index closed 6.8 higher at 453.5. It had reached 457.1 by 1 p.m. when modest early demand found the market short of stock. The Gold Mines index fell another 4.4 to close at 453.5.

● **GILTS** failed to extend Monday's recovery but the undertone was quietly steady. The Government Securities index closed 0.02 higher at 71.75.

● **STERLING** closed at $1.8450, down 65 points on the day. The trade-weighted index was unchanged at 61.7. The dollar's trade-weighted depreciation narrowed to 5.47 (5.69) per cent.

● **GOLD** fell $¾ to $173¾ on moderate turnover.

● **WALL STREET** closed 6.85 down at 803.27 on profit-taking.

● **THE TREASURY** was criticised for its lack of openness in the public presentation of its research and of its thinking about economic policy. **Back and Page 10**

● **A RECEIVING** order was made in the London Bankruptcy Court against Mr. William Stern, the former property tycoon whose private business empire collapsed in 1974 with debts of more than £100m. The petitioning creditor was Keyser Ullmann, the merchant bank, which claimed £20.5m. **Page 10**

● **THE INLAND REVENUE** intends to launch criminal proceedings against Collett Dickenson, Pearce—Britain's biggest publicly-quoted advertising agency—and against its chairman and managing director. The agency announced a 68 per cent. rise in pre-tax profits to £1.38 for last year. **Back**

● **OIL COMPANIES** expect Government approval this year for North Sea development work worth more than £2bn. **Page 8**

● **BRITISH STEEL** Corporation is writing off £12m. losses accumulated by its subsidiary Redpath Dorman Long (North Sea) and merging the company with the Dutch De Groot group in an effort to win oil platform orders. **Back**

COMPANIES

● **HAWKER SIDDELEY** increased pre-tax profits from £72.98m. to £94.6m. last year. **Page 24 and Lex**

● **OERLIKON-BUEHRLE** increased its net profits to Sw.Frs.204.6m. ($107m.) last year from Sw.Frs.158.3m. **Page 29**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Abercom Invs.	112	+ 12
Allied Colloids	66½	+ 4½
Assd. P. Cement	227	+ 7
Bullough	123	+ 9
Clive Discount	78	+ 7
Collett Dickenson	63	+ 5
Colmore Invs.	41	+ 5
Fairview Estates	107	+ 6
Francis Inds.	81	+ 6
Furness Withy	220	+ 13
Glaxo	525	+ 8
GKN	269	+ 14
Hambro Life	308	+ 18
Home Charm	126	+ 8
Horizon Midlands	93	+ 5
Petrasct	166	+ 6
Linfood	140	+ 12
Marchwiel	283	+ 10
Nthn. Amer. Trust	92½	+ 5½
Rank Org.	230	+ 8
Supra Group	44	+ 5
Tern-Consulate	34½	+ 4½
Tube Invs.	360	+ 8
Wheatsheaf	196	+ 11
BP	768	+ 10
Oil Expln.	210	+ 14
Ultramar	231	+ 9
K. Lumpur Kepong	59	+ 4½
McLeod Russel	205	+ 12
Cons. Murchison	265	+ 10
Malayan Tin	305	+ 15
RTZ	205	+ 9
Southern Kinta	150	+ 10
Tronoh	185	+ 10

FALLS

Clarke Nicholls	74	— 4
Durban Deep	140	— 16
Harmony	284	— 16
Libanon	453	— 31
Randfontein	£33½	— 1½
Tasminex	80	— 15

Bank charges may rise after Price Commission report

BY MICHAEL BLANDEN

Customers of the big banks could face higher charges following yesterday's publication of the Price Commission report on the banks, but they could get some compensation in the form of interest on money in current accounts.

Banks could pay interest on current account balances, the Commission suggested, and should try to achieve more flexible opening hours, including Saturday mornings.

However, the report found that the charges being made by the banks for handling cash and cheques were "not excessive," a verdict which effectively clears the way for the banks to put forward proposals for new increases in charges. Lloyds, one of the big four, indicated yesterday that it would be looking at the scope for justifiable increases.

The Commission's broad conclusions were welcomed by the banks. Lord Armstrong, chairman of the Committee of London Clearing Bankers, said that "banks have done their best to shield customers from the inflationary increases in bank costs and it is right that the public should know."

The report recognised that the profits of the big banks had suffered in real terms as a result of inflation, and had not been adequate in recent years to maintain the level of their free capital which provides protection against risks.

The Commission gave a favourable verdict for the banks on the question of the costs of distributing cash to their branches. The report argued that the average of £750m. of cash held at bank branches last year was in effect an interest-free loan to the Government, and that the costs should not be borne by the banks and their customers.

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Lex Back Page

This recommendation was also welcomed by the banks, and Lord Armstrong indicated that they would wish to discuss it with the authorities.

The Commission, added some barbs in the report, indicating that in considering any further increases in charges it would take into account how far the banks had moved towards adopting its recommendations.

Among the points raised were the argument that fuller credit should be given to customers for the income gained by the banks as a result of their current account deposits. This would be done either by paying interest on current accounts or, a method more likely to be acceptable to the banks, by adjusting the notional interest rate allowed to offset charges.

The report follows an examination by the Commission of the structure of bank charges for their money transmission services—the handling of cash, cheques and other forms of payment. It has viewed its brief in the wider context of the overall activities of the 17 banks covered. The findings are now being considered by Mr. Roy Hattersley, the Prices Secretary, who will be talking to the banks and other interested parties about the report.

Banks are pressed by the report to disclose their general provisions against bad and doubtful debts, which they have so far kept secret but which the Commission regarded as part of their capital.

Discussing changes in bank opening hours the report saw

Continued on Back Page

Owen sees room for hope in Rhodesia negotiations

BY RICHARD EVANS AND BRIDGET BLOOM

DR. DAVID OWEN, the Foreign Secretary, told the Commons shortly after his return from Africa yesterday that there remained major differences between the supporters and opponents of the internal settlement in Rhodesia, but that he did not rule out widening the existing areas of agreement.

Again under pressure from Conservative MPs, Dr. Owen said that the U.K. and U.S. might have to accept exclusion of the guerillas' Patriotic Front if free and fair elections were held without it.

He insisted that by far the best chance for a long-term settlement lay in persuading the Front to take part in cease-fire negotiations, and then in elections.

There was room for compromise between the Salisbury Government and the Front in two key areas he said. First, the Front had accepted a role for the UN in cease-fire policing, while Salisbury was now aware that acceptance by them of the UN could mean that sanctions would be lifted before independence.

Secondly, all had accepted that there should be a governing council, although the powers and composition of that council were in dispute.

Anglo-American strategy on Rhodesia now is to leave the door open for negotiations.

Though publicly continuing to insist that the Anglo-American proposals published last September should be the only basis for negotiation at any such conference, both London and Washington appear to believe that there may be an eventual compromise leaving part of the internal settlement intact.

There are suggestions, in particular, that Mr. Joshua Nkomo and Mr. Robert Mugabe, the Patriotic Front leaders, might go their separate ways if they were to get deeply into the negotiation process.

It is felt in particular that Mr. Mugabe's position in the Zanu wing of the Front is not secure, and that Mr. Nkomo, who does not share Mr. Mugabe's stated Marxist-Leninist views, might eventually make a deal with the Government in Salisbury.

Only time can tell whether this is wishful thinking, given the wide gap between the Front and the Salisbury Government. In any case it is recognised that several more meetings may be needed, probably at official level, before an all-party conference is possible.

Tony Hawkins writes from Salisbury: The executive council, composed of Mr. Ian Smith, Bishop Muzorewa, the Rev. Ndabaningi Sithole, and Chief Chirau met in Salisbury yesterday without apparently discussing the Anglo-American proposals for a conference.

They concentrated on arrangements for bringing about a cease-fire, which a statement described as the "prime task."

There was astonishment at Dr. Owen's claim that all parties had moved closer to the Anglo-American plan in the talks of the past few days.

African Nationalist sources were particularly sour, saying that in their view there had been no real progress at the Salisbury talks.

Parliament Page 14; Editorial Comment, Page 20; S. Africa plans Army base Page 5

New threat to bread supplies

BY PHILIP BASSETT, LABOUR STAFF

BREAD SUPPLIES could be seriously affected from the week-end by an overtime ban by 60,000 members of the bakery workers' union.

The union warned yesterday that all overtime will be banned from Sunday unless the closure of 23 Spillers bakeries is halted.

Members of the Bakers, Food and Allied Workers' Union, 4,000 of whom stand to lose their jobs in the bakery closures announced by Spillers 12 days ago, will also refuse to handle all Spillers flour.

Mr. Sam Maddox, general secretary of the union, said yesterday that the ban, due to start on the bakeries' closure date, would mean greater shortages of bread than when the bakers banned overtime before Christmas in support of a better pay offer.

The ban would show that bread could not be produced without excessive overtime. It would justify the union's claim that there was no over-production at the 23 bakeries due to be closed.

Spillers will not be affected by the overtime ban because it is pulling out of bread-making completely.

The company is retaining its milling and cake-making interests, however, and said it would be affected by the blacking of Spillers flour.

Mr. Maddox and leaders of two other unions affected by the closures met Mr. John Silkin, Minister of Agriculture, Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, and Mr. Harold Walker, Minister of State at the Department of Employment.

Mr. Maddox said after the meeting that the Ministers had put the case to them that had already been put.

The Ministry of Agriculture said that the Ministers had deplored the fact that the result of the closures would be a net loss of some 6,000 jobs in the bread-baking industry, and that more notice of the closures had not been given.

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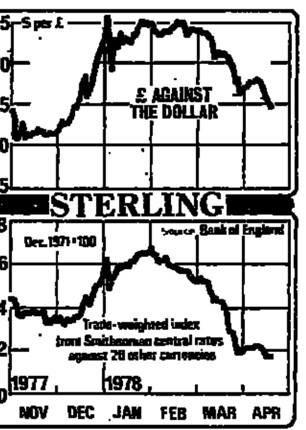
Sterling given more support

BY MICHAEL BLANDEN

THE POUND came under continued pressure yesterday with the Bank of England intervening again to support the rate in the spot and the short-dated forward exchange markets.

The money markets remained uncertain in the wake of last week's Budget measures, but share prices improved on modest demand to leave the Financial Times Index up by 6.8 points at 453.5.

Prices of gilt-edged stocks were little changed, with the Financial Times Government Securities Index rising 0.02 to 71.75.



The nervousness in the markets continues to reflect uncertainties over the trends in short-term interest rates after last week's increase in the Bank of England's minimum lending rate from 6½ to 7½ per cent.

Yesterday, Mr. Jeff Benson, group chief executive of National Westminster Bank, said the banks would have to increase their base rates, probably this week, but he did not think that there would be another rise in MLR this week.

The weakness of sterling was partly the result of the continued recovery of the dollar which was strong against the Japanese yen in Far East markets. Later, it slipped below its best levels.

The premium on investment dollars was pushed up sharply again but dropped back later. After rising by 11½ points on Friday and Monday as a result of the gains on Wall Street to a nominal rate of 116¼ per cent., it jumped yesterday to 121 per cent.

Profit-taking brought the premium back to 112¾ per cent. before it moved up to close 1 point down at 115¼ per cent., equivalent to an effective rate at the present value of sterling of 52¾ per cent.

£ in New York

	April 18	Previous
Spot	$1.8435-8445	$1.8405-8420
1 month	0.45-0.35dis	0.50-0.40 dis.
3 months	0.85-0.75 dis	0.85-0.75 dis.
*12 months	2.60-2.40 dis	3.20-2.90 dis.

Japan attacks Europe over ship output

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

PARIS, April 18.

JAPAN delivered a stinging attack yesterday on European shipbuilders' failure to join its yards in planned restructuring of the industry in the face of the prolonged world shipping and shipbuilding crises.

In a table-turning exercise within the shipbuilding working party of the Organisation for Economic Co-operation and Development, the Japanese were able to point to internationally agreed figures showing that western European shipyards actually increased their output last year. Japanese output, according to the same figures, fell by 10 per cent. between 1976 and 1977.

The implication of the Japanese case, presented with some relish at to-day's meeting here, was that shipbuilding restraint measures agreed by Tokyo last year in the face of criticism from the European members of the Organisation, could be re-considered.

Accurate

These restraints included an artificial 5 per cent. increase in the price of Japanese vessels. The impact of this has been greatly increased by the recent appreciation of the yen. Japan also has before its Parliament a plan to finance a basic restructuring of its shipbuilding industry.

Figures for shipyard output presented at to-day's meeting were arrived at by the newly-refined "compensated gross tonnage" unit of measurement. This unit recognises the man-hour content of sophisticated ships and is a more accurate measure of order-book length than simple gross tonnage.

According to the new figures, Japanese yards produced ships aggregating 7.9m. compensated tonnes in 1976, and 7.1m. tonnes in 1977. The comparable gross figures are 15.9m. and 11.7m.

The 13 countries belonging to the Association of West European Shipbuilders produced 8.3m. compensated tonnes last year, 8 per cent. more than the 7.7m. tonnes built in 1976. In uncompensated terms, the association's figures fell from 12.5m. to 10.2m. gross tonnes over the same period.

Japan's continued heavy reliance on simple tanker and bulk carrier orders, which have low man-hours content, has seriously affected its order book, compared with that of the west Europeans. At the end of 1977, the Europeans had 14.3m. compensated tonnes — almost double the Japanese order book.

This year, yards in the association are expected to turn out vessels of 8.6m. compensated tonnes against 5.5m. from Japan.

One irony of to-day's exchanges is that the association provided the initiative through OECD for the establishment of the compensated tonnage system. All sides agree now that this is much the most satisfactory statistical system available.

When European spokesmen were invited to reply to the Japanese case to-day, few were able to offer positive evidence of restructuring beyond those intentions implied in the recent EEC fourth directive on shipbuilding, which says that Government subsidies to yards must be linked to restructuring plans.

The Swedish delegate at to-day's meeting was able to point to substantial changes in his own industry, and, in fact, joined the Japanese onslaught on the other Europeans.

Britain, which has possibly the least commitment to planned restructuring of all the European shipbuilders, is regarded by the Japanese as a pillar of this inertia.

Although some European delegates were taken by surprise at the force of Japan's arguments to-day, they do not regard seriously the veiled threat of renouncing the 5 per cent. price rise. They say that the new figures simply show that last year's policy of making Japan slightly less competitive has worked.

Moreover, they accept privately that the severity of the crisis by next year will have forced heavy cuts on all European shipbuilders.

The working party turns its attention to-morrow to a suggestion for easing OECD credit guidelines on ship exports and the question of what to do about the growing strength of some third world shipbuilders, outside the organisation, especially South Korea.

It emerged in Paris to-day that South Korea has made informal approaches for some sort of working relationship with the OECD and some members of the organisation are in favour of granting South Korea observer status in groups such as the shipbuilding working party.

Norway plans big cut, Page 6

FT 30-share index change

From to-day, Cadbury Schweppes replaces Spillers as a constituent of the FT Industrial Ordinary share index. The change follows Spillers' decision to withdraw from the bread industry.

هكذا من الأصل

THE EUROCOMMUNISTS

Marchais: divide and rule

BY ROBERT MAUTHNER IN PARIS, APRIL 18

"THE COMMUNIST PARTY bears no responsibility for the defeat of the Left at the General Election." That was the incredible statement put out by the Politburo of the French Communist Party on March 20 after a meeting which was supposed to have analysed the reasons for the humiliating set-back suffered by the combined parties of the Left. It is the kind of self-righteous and self-satisfied judgment that the disciplined and timorous troops of any Communist Party during the Stalinist era would have swallowed without turning a hair. But Western Communism in the 1970s is not that of the 1950s, and Paris is not Prague.

Georges Marchais

Just as the French Communist leadership entirely misjudged the mood of the country during the election campaign, it has subsequently underestimated the critical faculties of its own members and supporters. Above all, it has made the mistake of trying to suppress a free debate about the shortcomings of the Party's policies and strategy in official Communist publications, notably the daily newspaper L'Humanite. The result has been that critical articles by leading Communist intellectuals and letters from militants have appeared in a wide range of papers and magazines which normally would not have been given such a fascinating insight into the internal debates of the Communist Party.

The turmoil into which the party has been thrown by the failure of the Communists and Socialists to cash in on the support they had built up in the country in the years following the adoption of their Common Programme in 1972, has thus been displayed in rare detail. The final outcome of the debate could have a profound influence on French politics in the years to come.

The criticism comes from two directions. There are those who have been opposed all along to the new "Eurocommunist" line adopted in double-quick time by the Party and its 22nd Congress in February, 1976, when the hallowed concept of "the Dictatorship of the Proletariat" was dropped and the Party proclaimed its independence from Moscow. But the main onslaught has come from the more liberal wing of the Party, which believes not only that the Communists' tough tactics towards the Socialists over the past year were mistaken, but that the new policies adopted by the past congress have not been taken far enough.

The chief spokesman of the second group is M. Jean Elleinstein, a leading Communist intellectual who is the Deputy Director of the Party's think-tank, the Centre for Maxist Studies. Thanks to a series of three articles in the influential Paris paper "Le Monde," Mr. Elleinstein's views have received nationwide publicity and have loosened the tongues of thousands of Party members who previously lacked the courage to speak out openly.

M. Elleinstein does not mince his words. His main thesis is that the Communist Party has not been able to adapt itself to the "realities" of modern France. Unlike the Italian Party, it has failed to extend its influence beyond the working class, which has formed the traditional basis of its support in the country. At the same time, it has placed much too much emphasis on the miserable conditions in which the workers live, given the improvements that have taken place during the past two decades. Many skilled workers, who own their apartments and a car, who had been to a technical college and whose children benefit from higher education no longer recognise themselves in the mirror held out to them by the Party.

Instead of concentrating all its attention on the poverty of the working class, the Party should take a much more dynamic stand on the new problems facing a modern industrial society, such as ecological issues, workers' participation, women's liberation and the encroachment of the bureaucracy on people's lives.

Not least, the Communist Party should take a much clearer stand of principle towards the Soviet Union, according to M. Elleinstein. It must have the courage to recognise that only a very incomplete form of Socialism is practised in the Soviet Union and that political democracy is virtually extinct in that country. "Not only is the Soviet Union not an example or model to be followed, but it is an anti-model."

M. Elleinstein even considers the fact that the French Party bears the same name as that of the Eastern European Communist Parties to be a handicap as far as public opinion is concerned. The French Communist Party must clearly establish its own identity and work out a new line which is neither that of the traditional Social-Democratic movements nor that of Soviet-inspired Communism.

Easier said than done, it might be objected. The 22nd Congress already went a long way in shedding the old dogmas and if it has not gone as far as M. Elleinstein and his followers would have liked, it is precisely because an influential section of the leadership feared that the borderline between Communism and Social Democracy would become blurred. If that happens, it is more likely to benefit the Socialist than the Communist Party, according to this school of thought. The potential votes which the Communists lost by taking too hard a line during the election campaign, they could just as easily have lost by fudging the distinctions between their own party and other left-wing movements.

What all the critics are agreed on, however, is that a much freer expression of opinion inside the Party is required. The old system, under which there was virtually no opportunity of making the Political Bureau change its mind once it had taken a decision must be abandoned. Both the supporters and opponents of the decisions taken by the 22nd Congress complain about the manner and haste with which crucial policy changes were pushed through at the time. M. Elleinstein cites the television announcement by M. Georges Marchais, the Communist leader, that the phrase "Dictatorship of the Proletariat" would be dropped from the statutes, after only a very short debate within the party.

"The central 'tele' must not replace the Central Committee," he says. Debates within the party should be permanent and transparent and be reported fully by all the main communist publications.

After at first attempting to play down the extent of the criticisms expressed within the Party by dismissing them as the outpourings of a handful of intellectuals, out of touch with the working-class membership, the leadership has finally been forced to admit the existence of a "wide ranging debate."

Carrillo sets sights on respectability

BY ROBERT GRAHAM IN MADRID, APRIL 18

RESPECTABILITY IS a word that Sr Santiago Carrillo Secretary General of the Spanish Communist Party (PCE), has never sought to use. Yet above all else in the year since the party was legalised, Sr Carrillo has sought to make the party respectable, acceptably dressed for the emergent bourgeois democracy in Spain.

Santiago Carrillo

It is the acceptance of this course that Sr Carrillo wants to be endorsed by the Ninth Party Congress which opens here tomorrow. Sr Carrillo wants the party faithful as well as the country at large to accept that the PCE intends to play a responsible role in the democratic process, and more specifically that the PCE is a party of Government that can achieve power and wants to do so, through the ballot box and in broad alliance with other forces of the Left.

The last time the Party held an open congress in Spain was in 1932 in Seville before the Civil War. Because of its enforced underground activity under Franco for 38 years, the Party is still a little bleary in broad daylight. Compared to, say, the advance publicity accompanying a congress of the Italian Communist Party everything has been played in a subdued manner. An important reason for this was Sr. Carrillo's desire to avoid provoking the sensitivities of the Right and the armed forces.

It is a measure of Sr. Carrillo's diplomatic approach since the legalisation of the party that he has defused, though not wholly dispelled, the suspicions aroused by a Communist Party operating legally in Spain.

He has insisted, against considerable opposition from party hardliners, that the PCE adopt as its symbol the Spanish national flag with hammer and sickle superimposed, itself a rejection of the republicanism that the party fought to protect in the civil war. He has demonstrated that the PCE is not beholden to Moscow by espousing Eurocommunism, even to the extent of being prevented from speaking last November at the 60th anniversary of the Russian Revolution.

Perhaps more important in a purely Spanish context he has committed the party to consensus politics. Last October he signed the Moncloa Pact—a broad package of political and economic measures proposed by the Government which included sharp deflation imposed on wage increases of 22 per cent.

In a revealing comment to a recent interviewer, Sr Carrillo said the PCE could not wait like the other European Communist Parties for 30-odd years to obtain sufficient electoral support to make it a major political force. "The Party intends to achieve this in much less time and must act more boldly to do so," he added. At the elections last June the Party obtained 9.3 per cent. of the vote. Since then it has probably increased its vote-catching potential and has certainly boosted membership by almost 160,000 to some 220,000. Sr Carrillo seems to be aiming for a position whereby the PCE can present itself as the main party of the Left, eating into the Socialist vote and capitalising on the latter's lack of ideological coherence.

Sr. Carrillo has dragged the Party along with him and its present strength owes much to his personality, his beliefs and his widely regarded political acumen. Everyone concedes that he is one of the few, if not the only, seasoned politician among a bunch of amateurs.

Although the Party is the best organised in Spain, it nevertheless is the reflection of one man's views. This could put him in an exposed position within the Party. For the moment there is no serious challenge, largely because according to his detractors he has made sure that opponents have no power. But a nagging suspicion of opportunism remains which has stirred up debate within the Party over his tactics and ideological posture.

This was evident in the regional congresses of the Party prior to the national Congress. The most spectacular disagreements have been in Asturias where 113 of 500 delegates left the hall and in Barcelona where three members of the PSUC, the Catalan Communist Party, tendered their resignation. The PSUC has in the past always considered itself in the vanguard of the Communist movement. There was also a heated debate in the large Madrid section of the Party. Disagreements centre around two principal issues.

There is resentment that the leadership has behaved arro gantly and insensitively—adopt ing policies without proper loca consultation. In particular, critic complain that there has been i sufficient explanation of why S Carrillo openly supported th Government by signing the Mo cloa Pact. They argue that S Carrillo is making the workin class pay for a bourgeois dem cracy that will bring dubio benefits for the working class.

Secondly Sr. Carrillo has bee taken to task for removi "Leninism" from the vocabula of Spanish Communism. This seen as an abnegation of t party's historic role. Taken t gether these two factors ha generated a certain amount soul-searching. But Sr. Carril is probably right when he sa two weeks ago that most of tho who contest the rejection Leninism had not read the volumes written by Lenin.

Courting Italy's unhappy youth

BY PAUL BETTS IN FLORENCE, APRIL 18

THE ITALIAN Communist Party (PCI) is seeking to reestablish itself as the main political force representing the disgruntled students and young people who account for more than 70 per cent. of the country's 1.5m. unemployed.

Enrico Berlinguer

The party's youth federation, once led by the PCI's present secretary-general, Sig. Enrico Berlinguer, has seen its membership drop over the past wo years from 143,000 signed up members in 1976 to 127,000 members last year. It will attempt, at its national congress scheduled to open here this week, to revive its image as a focal point for the country's youth.

Despite the growing influence and power of the Communist Party now representing a third of the Italian electorate, Italian youth has tended to drop out of the established political system, disillusioned by the ineffectiveness of student reforms and the reality of growing unemployment.

Young people, who it Italy gain a strong political awareness in their early teens, have drifted into a political vacuum of their own, known here as the autonomous movements. It is in this vacuum, after the student protests of the late 1960s, that the extreme Left-wing groups, including the Red Brigades, and the extra-parliamentary forces to the Left of the Communist Party, have grown. Two of the Red Brigades members standing trial in Turin were originally signed-up members of the Communist Party youth federation.

The very political process which has brought the Communist Party almost directly into the governing process has, in turn, alienated a sizeable number of the country's young people. For them, the Communist Party has effectively betrayed its revolutionary zeal.

The student riots, and the first congress of the autonomous movements in Bologna last autumn were indications of a growing, if somewhat disorganised, alternative force to the Left of the Communists. They have openly criticised the Communists as a "revisionist" party tied to the "middle class values of all mass parties." Their language, relentlessly attacking the ruling Christian Democrats, but also the Communists, is not very different from the extremist propaganda of the Red Brigades. While they condemn the methods of the Red Brigades, they are united in their basic demand for a different state.

The Communist Party and the trade union leadership have condemned this attitude as "fascist," a word which in Italy now embraces a multitude of meanings, concepts and guilt complexes. Yet in their condemnation, the Communists and the Christian Democrats, are admitting that "errors" of such a magnitude have been made that it has indirectly led to the present threat of a break-down of law and order in Italy.

For the Communists, the ground to win back is enormous. During its Youth Congress scheduled in Florence this week, which will be addressed by Sig. Berlinguer, the young Communists will seek to establish a visibly greater autonomy from the Party itself.

It also intends to launch an active campaign in universities and schools looking for support from that great new mass of student moderates, who have been demonstrating in the streets against the extremists, but who no longer identify themselves with any of the conventional political forces.

Yet there is a third and equally active force among the students posing a serious threat to the Communists. This is the revival of Christian Democrat Catholic youth movements like Comunione e Liberazione (Communion and Liberation), which like the Communist Youth Federation, have recently campaigned in many universities and schools throughout the country.

French MPs likely to vote for new IMF quotas

BY ROBERT MAUTHNER

PARIS, April 18.

THE FRENCH National Assembly is to-night expected to ratify the increase in French International Monetary Fund (IMF) quotas provided for in the Jamaica agreements of January 1976, in spite of strong Gaullist opposition to the revision of the IMF statutes.

Only a few days ago, it was feared that the Gaullists would scuttle the whole project because of their objection to the amendments of the IMF statutes authorising floating exchange rates and reducing the role of gold in the international monetary system.

The Government, however, has circumvented this obstacle, which could have provoked the first major political crisis since last month's general election, by the clever device of separating the problem of the revision of the statutes from that of quota increases.

Under this procedure the amendments to the statutes will not be ratified by France. In practice, this should make no difference since they came into effect automatically on April 1, after three-fifths of the IMF members representing four-fifths of the votes on the governing board had completed the ratification procedure.

It is hoped in Paris that, since the French Government has approved the amendments, the IMF will turn a blind eye to their non-ratification by the French Parliament. But the whole affair could still rebound when it comes to choosing the successor to the present IMF Managing Director, Dr. Johannes Witteveen.

Though M. Jacques de Larosiere, head of the French treasury, is the hottest tip for the job some IMF members could have second thoughts after the *failure of the* National Assembly to ratify the organisation's new statutes.

Thanks to the Government's decision to separate quotas from the wider issue of the amendments, the Gaullists are confidently expected to approve the increase in France's contribution to the fund. Though the French share of the total quotas drops marginally from 5.14 to 4.92 per cent. as a result of the bigger weight given to the OPEC countries, the IMF facilities at France's disposal will be increased.

France and other IMF members had only until May 1 to ratify the quota increases. If the French had failed to do so they risked losing their statutory seat on the governing board after the next quota increase which is already under discussion.

In spite of all the emphasis placed by M. Jacques Chirac on *his party's independence from* the Government, the Gaullists are not expected to give the government any trouble either over Prime Minister Raymond Barre's general policy declaration to the National Assembly to-morrow. The Cabinet is not due to take a decision until to-morrow on whether to make M. Barre's declaration a question of confidence. But the Gaullists have already indicated that, if it does, they will vote with the Government.

Most of M. Barre's statement is expected to be devoted to economic problems and it is already clear that he will stress the need for a *continuation of* his stabilisation policies for another 18 months. It is not until inflation is fully under control and the trade deficit has been wiped out that the Government envisages a switch to more expansionary policies.

Nevertheless, it is understood that M. Barre will announce some important decisions affecting both industry and wage-earners. Industrial prices, presently controlled by agreements between the government and industry, are expected to be progressively freed from July onwards and the minimum industrial wage could well be raised substantially.

In the longer run, however, the Government's intention is, apparently, to replace the minimum wage altogether by the concept of a minimum family income, which would include social benefits and be fixed at different levels for each trade or profession, instead of globally.

To help finance the growing budget deficit which, at the end of March, stood at Frs.30bn. (about £3.5bn.), compared with only Frs.10bn. at the same time last year, the Government is expected to float a number of small loans totalling some Frs.8bn., instead of having recourse to a single large bond issue, as in the past.

Bundesbank counters alarm on economy

By Adrian Dicks

BONN, April 18.

A RETURN to more normal sales levels in the motor industry, together wit hthe ending of a short-lived improvement in shipbuilding, are idetnified by the Bundesbank as the principal reasons fo rthe sharp drop in ne worders for capital goods received by West German companies from domestic customers in February.

In its latest monthly report, the West German Central Bank seems reluctant to draw the somewhat alarmed conclusions from the February orders and production figures that were evident in Bonn last week. Those conclusions led Chancellor Helmut Schmidt to reiterate his warning that this year's hoped-for growth in GNP of 3.5 per cent. might be hard to achieve.

The Bundesbank stresses that the February figures are provisional. It also points out that the two months November-December with which January-February are compared were influenced by special factors. One of these was an unusually high level of orders for motor vehicles, while a second was a slight, and not sustained, recovery in shipbuilding orders.

In the category of consumer durables and semi-finished goods, the Bundesbank points out that domestic orders were almost at the same level as in November-December, while for currently consumed products there was a clear increase.

The Bundesbank's unaccustomed care in going into the situations of individual industries clearly reflects its concern that the order figures published last week should not be used as a lever by those who believe West Germany now needs additional economic stimulus.

Herr Schmidt, in his remarks to the Bundestag last week, took care to warn that first quarter data on the economy, the basis of which Bonn has said it will review the case for additional policy measures, were also likely to be affected by the printers' and metal industry disputes.

U.S. is optimistic on new SALT agreement

BY REGINALD DALE, EUROPEAN EDITOR

FREDERIKSHAVN, April 18.

MR. HAROLD BROWN, the U.S. Defence Secretary, to-day expressed cautious optimism that a new strategic arms limitation agreement (SALT 2) could be agreed with the Soviet Union by this summer.

But he told the spring meeting of NATO's Nuclear Planning Group here there were still problems over how the agreement would be verified and how long some of its provisions would last.

The defence ministers of the seven NATO countries attending the talks at Denmark's main naval base accepted U.S. President Jimmy Carter's decision to defer production of the enhanced radiation warhead—the so-called neutron bomb.

It was increasingly clear after to-day's discussions that Washington is not expecting any specific concession in return from the Soviet Union.

Experts attending the talks would say only that some general improvement was expected in the climate for East-West disarmament negotiations.

With the neutron bomb option closed for the foreseeable future, NATO is to concentrate on modernising its existing tactical nuclear weapons. In the absence of any gesture from Moscow, the alliance's Washington summit at the end of next month is expected to give further momentum to the West's drive to improve nuclear and conventional forces in Europe.

After listening to Mr. Brown's assessment of the strategic balance, officials were confident East-West equilibrium could be maintained throughout the 1980s—with or without a new SALT agreement. They still thought Moscow was interested in an agreement that would allow the balance to be maintained at a lower, verified level.

After hearing a progress report at the Cruise missile, European ministers appeared reasonably confident the U.S. would continue to resist Soviet pressure to *withhold the missile* technology from other NATO countries.

A major push to resolve the issues

BY DAVID SATTER IN MOSCOW, APRIL 18

WHEN MR. CYRUS VANCE, the U.S. Secretary of State, arrives in Moscow to-morrow he will enter perhaps the most important round of Strategic Arms Limitation Talks (SALT) since the Carter Administration took office. With a growing feeling that the talks are at a crucial *stage, a soberer and more prag*matic mood prevails than at the time of Mr. Vance's last visit to Moscow 13 months ago. There is expected to be no call for radical disarmament measures and little mention of human rights.

Instead, against a background of intensified negotiations in Geneva in recent weeks and significant progress in narrowing Soviet-U.S. differences during the visit of Mr. Andrei Gromyko, the Soviet Foreign Minister, to Washington in September, there is likely to be a major push to resolve those contentious issues which U.S. officials have described as the last 10 per cent. required to arrive at an agreement.

Both sides are aware that the *passage of time increases* the chances that a SALT 2 agreement will ultimately elude them. Dr. Georgi Arbatov, head of the Moscow Institute for U.S. and Canadian Studies, recently accused the Carter Administration of a "policy of hesitation." The time had come to decide whether there would ever be an agreement. The U.S. side, for its part, would like to conclude an agreement before the Congressional elections in November.

The issues which remain to be resolved, however, are among the most difficult, and the Soviet Union, in advance of Mr. Vance's visit, is taking a hard line. Despite substantial American concessions in the negotiations, Mr. Leonid Brezhnev, the Soviet leader, said in a speech aboard *a Soviet naval cruiser on April 7* that it did not appear the United States was [illegible] to meet the Soviet Union halfway. The American view is that agreement is possible but not certain and will require further difficult political decisions by both sides.

The SALT negotiations have been stalled because the two sides are trying to reach a new understanding after failing to resolve a basic difference of opinion over what was decided at the 1974 Vladivostok summit meeting between Mr. Brezhnev and U.S. President Ford and in the SALT negotiations which followed it.

The Soviet Union has argued that a new Strategic Arms Limitation (SALT) agreement was virtually complete when President Ford left office in 1976 and that Vladivostok plus discussions in 1975-76 had led to strict limitations on the U.S. Cruise missile, which had only *had even taken up the question* of what form these limitations would take.

The Cruise missile is important to the negotiations because of its great strategic potential under existing circumstances. Unlike the U.S., the Soviet Union continues to invest heavily in air defence, continually upgrading its surface to air missiles, fighter interceptors and radar. The Cruise is a small, sub-sonic low-flying drone which, due to a terrain-matching navigation system, is also extremely accurate. It confounds all three elements of Soviet air defence which was designed as protection against bombers.

The issues which remain to be resolved are among the most difficult and the Soviet Union is taking a *hard line.*

The Vladivostok agreement provides for an overall ceiling of 2,400 offensive missiles and bombers and according to the Soviet Union, it was agreed that heavy bombers equipped with Cruise missiles would be equated to rockets with multiple warheads and included under the sub-ceiling of 1,320 missiles with multiple warheads (MIRVs) agreed at Vladivostok. Because of the large existing stockpile of MIRVed American missiles, this quota would have left little room to deploy the Cruise. Moscow has said that all sea and land-based Cruise missiles with a range of more than 600 km. would be banned.

During the transition to a new Administration in Washington, the Russians were clearly concerned about the fate of the Vladivostok agreement as they understood it and tempered their welcome for President Carter with repeated calls for rapid progress in concluding a second SALT agreement on the basis of the Vladivostok accords. Therefore when Mr. Vance came to Moscow in March, 1977 bringing proposals which differed significantly from those taken up in previous discussions, difficulties arose.

Mr. Vance made two proposals, both of which were rejected by Moscow as departures from the Vladivostok accords, and are now generally conceded to have been badly presented and un*realistic. The first and preferred* proposal was for "deep cuts" in the strategic weapons arsenals of both sides, bringing the Vladivostok ceilings down from 2,400 to 1,800 but leaving the U.S. free to deply the Cruise up to a certain range and including measures to limit use of the Soviet Backfire bomber, which the U.S. has argued is potentially a strategic weapon. The second was a proposal simply to ratify the Vladivostok agreement but exempt the Cruise missile and Backfire bomber from its terms.

The Soviet Union said that the proposal for deep cuts was "inequitable" and after Moscow had rejected both proposals Mr. Gromyko accused the United States of trying to secure a one-sided strategic advantage and alter the Vladivostok accords.

There was little progress in the SALT negotiations after this inauspicious opening encounter between the Kremlin and the new Administration until the meeting between Mr. Vance and Mr. Gromyko which took place in May last year where the two sides agreed on a three-part framework for reaching a new SALT pact

There was no forward movement on how to count the U.S. Cruise missile, however, and the impasse in the talks only began to be broken when Mr. Gromyko went to Washington for negotiations in September. There, the United States finally agreed that air launched Cruise missiles with a probable outer range limit of 2,500 km. would be included under the eventual strategic weapons ceilings but insisted on keeping with the proposal made in March, that the overall ceiling be reduced. At the same time sea and land launched Cruise missile would be limited to a range of 600 km., practically nullifying their strategic value.

The state of negotiations now, on the eve of Mr. Vance's arrival in Moscow, suggests that the eventual agreement, if it is concluded and ratified by the U.S. Senate, will be more to the advantage of the United States than were the Vladivostok accords.

The September meeting, which brought the first Soviet hints of progress in the negotiations for a number of years, was agreement to lower the ceiling of strategic weapons stockpiles to between 2,250 and 2,150 weapons, apparently through phased reductions over the life of the treaty.

As matters stand, the two sides have agreed on a joint draft text and what awaits ironing out are details of the agreement. These, however, are considered very tough. The remaining questions are non-circumvention (the Soviet desire to assure that limits on Cruise are not circumvented by giving the missile to the NATO allies), and modernisation (basically, the U.S. desire to prevent the Soviet Union from improving the accuracy of their heavy missiles). Other important issues which must still be clarified are questions concerning the Soviet Backfire Bomber, Cruise missile range limits, the development of new ICBM systems and verification.

The Soviet success in putting limits on the Cruise missile, makes a new SALT treaty difficult for the U.S. Congress to ratify but the proposed reductions in overall strategic weapons ceilings work to their disadvantage since Moscow has a 2,400 to 2,200 numerical advantage in strategic weapons.

Also unresolved is the question of the Backfire bomber which now will probably not be covered by the treaty at all but rather handled independently, apparently through the imposition of limits on numbers, refuelling or basing.

There is some concern that Moscow, having secured a great deal by taking a tough negotiation position, may not realise that further concessions by them are necessary if the talks are to succeed. The Russians, however, have accused the Carter Administration of vacillation and indecision, an impression which may have been strengthened by the way President Carter's decision to postpone production of the neutron bomb was handled. They may seek to press him.

Turkish plan for Cyprus 'must offer basis for talks'

BY OUR OWN CORRESPONDENT

ATHENS, April 18.

MR. CONSTANTINE KARAMANLIS, the Greek Prime Minister, said to-day it was not enough for the new Turkish-Cypriot proposals on Cyprus to be concrete but they should also provide a basis for the resumption of the inter-communal talks for a solution to the problem.

In a written statement, Mr. Karamanlis said that was the conclusion reached by the Greek Government when Dr. Kurt Waldheim, the UN Secretary-General, visited Athens last January.

Mr. Karamanlis said the Greek Government has not been officially informed of the contents of the new Turkish proposals submitted to Dr. Waldheim in Vienna last week.

Our Nicosia correspondent adds: Dr. Waldheim is due here to-morrow to make another effort to revive the stalled peace talks between the Greek and Turkish communities. Observers believe he will have a difficult job to persuade the Greek Cypriots to return to the negotiating table on the basis of the latest Turkish proposals.

Sources close to the Government of President Spyros Kyprianou stated to-day that the Turkish plan "aims at achieving the island's partition under the guise of federation."

Higher income forecast from Dutch gas

By Charles Batchelor

AMSTERDAM, April 18.

HOLLAND CAN expect substantially higher income from its gas reserves than has been forecast up to now, according to a report published to-day. The shift towards the private consumer, who pays higher tariffs, and away from industrial and export use, will increase gas income by about 10 per cent. or Fls.13bn. (£3.25bn.) to the turn of the century.

Gas used in the home and for high value industrial purposes is expected to account for 80 per cent. of sales by the year 2000 compared with only 20 per cent. now. The report was prepared by a team at Groningen University.

The shift to high tariff uses for gas will lead to a rise in the average sales price of 60 per cent., excluding the effects of inflation and any increases due to shortage, by the end of this century.

Since the oil crisis, Dutch energy policy has aimed at substituting other fuels for gas in large-scale industrial applications while export contracts are being allowed to expire.

Holland could earn an extra Fls.2bn. a year at 1975 prices if the average export price of gas of 7.9 cents a cubic metre was raised to the average domestic price of 12.3 cents.

Riot after bomb blast in Turkey

By Metin Munir

ANKARA, April 18.

RIOTING BROKE out in Turkey's south-eastern town of Malatya after the town's *mayor, a local clan chief* and former Right-wing Member of Parliament, was killed in a package bomb explosion last night.

The 59-year-old Mr. Hamit Fendoglu's daughter-in-law and his two young grandsons were also killed and Mrs. Fendoglu was gravely wounded.

In the rioting, which broke out soon after the news of the murders was heard, more than 60 people were wounded and 1,000 detained. Peace was restored only at noon to-day when troop reinforcements arrived and air force jets flew low over the city.

Threat to Belgian exports

BY DAVID BUCHAN

BRUSSELS, April 18.

UNION DEMANDS for shorter hours are endangering the competitivity of Belgian exports, according to Mr. Jacques de Staercke, head of Fabrimetal, the metalworking and engineering association whose component companies account for 30 per cent. of exports.

Mr. de Staercke told the association's annual meeting to-day that even where companies had granted a reduction from the statutory 40-hour week, they had not hired any new workers. Reduction of Belgium's pool of nearly 300,000 jobless has been the main justification cited by the unions, which have recently launched strikes in the car assembling and non-ferrous metal refining industries. Employers have argued that shorter hours for the same pay put up unit labour costs.

Changes to tax plan made by Congress committee

BY DAVID BELL WASHINGTON, April 18.

THE WAYS and Means Committee of the House of Representatives yesterday began making changes to the Administration's tax reform plan and drew an immediate critical response from President Carter.

Mr. Carter has all along insisted that the $25bn. of tax cuts that he is proposing must be accompanied by some relatively modest tax reform. But yesterday the Committee killed two of three proposals for reform which had been expected to pass, raising doubts about the fate of more controversial measures still to be considered.

In its first day, the Committee passed Mr. Carter's plan to repeal the deduction for state and local taxes on petrol, but rejected proposals to end deductions for state or local taxes on retail sales and personal property. This prompted one tax reform proponent to say that "If we can't win that one, I am not sure what we can win."

The President responded swiftly to the vote saying the vast majority of the U.S. people wanted the reforms he was proposing and that Washington "pays more attention to selfish special privilege than to the voices of those who are concerned, those who are cheated."

Mr. Carter said that if "we don't succeed in all our efforts this year we shall come back next year and the next and the next." Yesterday's committee session was the first of many days of wrangling about the tax proposals. Most observers believe most of the President's tax reform proposals, which are intended to raise some $9.4bn. next year, will be defeated.

If they do, there will undoubtedly be pressure from Democrats on the Capitol Hill to reduce the amount of the tax cut lest it exacerbate the deficit.

Paradoxically the Republicans favour the full tax cut, but they oppose most of the reforms because they believe they are intended to redistribute income and that they impose an added burden on the "middle class."

Congressman Barber Conable, the senior Republican on the Committee, said he wanted to know how much taxes would be cut before deciding on tax reforms and that in any case it was important to avoid "sticking to the middle classes."

But the Democrats want first to establish how much can be raised through tax reform and how much taxes should be reduced.

Curfew lifted in Kingston

By Canute James

KINGSTON, April 18.

JAMAICAN security forces this morning lifted the dusk-to-dawn curfew in the western sections of Kingston, following a civil disturbance yesterday.

The security forces reported that, during a spate of lootnig yesterday, three men were shot dead, and not four as was earlier reported. Last night, 29 people were detained and are being questioned.

The disturbance yesterday grew out of a demonstration by residents of the western section to draw the attention of the authorities to the poor conditions of roads and sewer mains in the area.

In the downtown section of Kingston, stores which put up shutters down as looting spread were re-opened to-day, as were offices and banks.

Personal income up 1.2%

BY OUR OWN CORRESPONDENT WASHINGTON, April 18.

TWO MORE sets of economic statistics—new housing starts and personal income are showing healthy gains and the White House said that they probably presaged strong increases in other economic indicators in the months ahead.

However, it is not expected that preliminary figures tomorrow, for the first-quarter increase in the gross national product will be as encouraging. Observers expect them to have been affected by the cold winter and the coal strike.

The Commerce Department said personal income last month rose at an annual rate of 1.2 per cent. or $19.4bn., compared with 0.5 per cent. in February. This was the largest increase since December. The Department said that incomes of every section of the population, except for farmers, increased. It said the "sharp step up reflected a recovery from the effects of the severe winter weather."

Meanwhile, housing starts advanced 31.11 per cent. last month over the previous month to record an annual rate of new construction of about 2.074m., or about the same as the figure for March, 1977. Figures for new housing permits were 14 per cent. up on those of the month before, and slightly above the March, 1977, level.

Although the 1978 rebound in housing starts following the winter is not quite as strong as that of 1977, it is rather stronger than some analysts had been expecting.

The presidential press secretary said the figures were evidence that the economy is continuing to expand, but that they did not mean that the Administration's tax cut plan should be abandoned. These figures are not "an indication that the economy is expanding more rapidly than we expected," he said.

Air traffic increased by fare discounts

The increasing commitment of U.S. airline industry to discount fares appears to have been a major factor in increasing domestic and international traffic in the first three months of this year by 13.9 per cent., John Wyles reports from New York. This is one of the biggest increases in first-quarter traffic for many years. Although the overall figure has been helped by the fact that Easter fell in March this year, the industry believes that discount fares are helping to switch travellers from road and rail.

Industry analysis are divided about the likely impact of price cutting on airline profits. Some are advising their customers to sell all but a few quality airline stocks on the grounds that cheap fares will prevent the industry from matching last year's aggregate net profits of $600m. Others believe that as long as airlines manage discounts so that they do not seriously erode full-fare traffic, profitability will increase.

Argentine oil

The Argentine Government has approved a "risk contract" law which will allow private companies to drill for oil in Argentina—using their own machinery, expertise and capital—and give them greater freedom in marketing what they extract, once the country becomes self-sufficient in oil, Robert Lindley writes from Buenos Aires. The Energy Secretary, Sr. Daniel Brunella, also announced public tenders for 15 land, and four off-shore, areas which will be developed by private oil companies for periods of up to 25 years. Once the contracts run out, the companies must turn over their installations free of charge to the State oil combine which will pay cash for the oil it buys from the private companies.

Ecuadorean minister

The Ecuadorean Budget Under-Secretary, Sr. Juan Reyna Santa Cruz has been named as interim Economy Minister, Reuter reports from Quito. Sr. Santiago Sevilla resigned the post 11 days ago because of dispute over a labour survey contract signed by the Ministry

Frank exchange at Carter talks

BY OUR OWN CORRESPONDENT WASHINGTON, April 18.

PRESIDENT CARTER and members of his Cabinet exchanged views about the state of the Administration "very frankly indeed," according to some of those present at the two-day meeting which ended yesterday in the President's Maryland retreat.

The session was called to give the President, his staff and the Cabinet a chance to "take stock" in the light of the heavy criticism the Administration has recently been receiving.

Mr. Jody Powell, the President's Press Secretary, said that during the meeting, Mr. Carter accepted that, on occasion, he had not exercised his power and authority effectively and conceded that this had led some people to perceive him as a weak President who failed to act decisively in support of his own policies.

But, according to other reports, the President also "got tough" with some members of his Cabinet citing specific instances in which they had not supported Administration positions on legislation. He also noted that, on several occasions, the White House staff had acted without giving members of the Cabinet enough advance warning of what they were doing.

Mr. Powell said the President had made a "very tough" assessment of the situation and "he made it damn clear that we have had 15 months now and that the shakedown cruise is over." One participant at the talks was later quoted as saying it was "the first time that Carter has ever gotten tough with his people."

Following the meeting, which seems to have cleared the air somewhat after some months of gathering unease at the top of the Administration, it is expected the White House staff will be partly re-organised and that additional more experienced staff will be brought in.

Price rise for Ford cars

By John Wyles

NEW YORK, April 18.

FORD Motor Company, taking advantage of the leeway offered by a new wave of price increases for imported cars, has raised showroom prices on its small cars for the second time in three months.

The decline of the dollar on international exchanges over the past four months has forced most of the major importers to raise prices. The leading importer Toyota announced its fifth increase in 12 months last week. To-day, Nissan U.S. also raised the prices of its Datsun cars and trucks by 5.4 per cent.

Both Ford and General Motors priced their small cars extremely competitively last September in an attempt to beat off the import challenge and also offered a range of extras in the basic price.

The companies acknowledged that profit margins on their cars were extremely tight and have been glad to widen the margins through price increases as the importers responded to currency

U.S. COMPANY NEWS

Interest income improves Chase first quarter; Merrill Lynch Lower; Tyre trends hit Uniroyal Page 28

Wall Street fever abates as Dow Jones falls

BY OUR OWN CORRESPONDENT NEW YORK, April 17.

THE FEVER which has gripped the New York stock market over the last two sessions turned into something of a chill today when the Dow Jones industrial average fell back by 6.85 under the impact of profit-taking.

The average seesawed during the day, showing a gain at one time of nearly six points and a loss at another of 10.65. At 38.95m. share volume was well down on yesterday's all-time record of 63.5m. but it was some 15m. shares above recent daily averages. Some 1,101 stocks fell in price and 443 gained.

The wave of profit-taking was not unexpected given the extraordinary 34.91 surge in the industrials over the previous two sessions. Some brokers felt that today's decline was modest in view of the overall share volume and selling pressure and they believe that the market is still set on a rising course.

Analysts are by no means agreed on this, however, and some comparisons are being drawn with early 1975 and 1976 when similar, but smaller, rallies eventually faltered. However, the buying panic which was gripped the New York Stock Exchange represented a broadly based demand for stocks from private investors, foreign purchasers and banks, and market optimists think that the combination of these elements will provide further, although more modest, gains over the next few weeks.

U.S. mission

The Tokyo Stock Exchange plans to send a mission to the U.S. and Europe late this month to study the way in which central depositary systems for stock transfers are being implemented. The mission, led by Professor Makoto Yazawa, of Tokyo University, is expected to report on the studies by late June, to help the Tokyo Exchange introduce such a system.

U.S. banker attacks 'unfair' competition

By Stewart Fleming

NEW YORK, April 18.

MR. WALTER WRISTON, chairman of Citicorp the second largest U.S. commercial bank—to-day attacked U.S. regulations which allow non-bank companies and foreign banks competitive advantages not available to U.S. banks.

Mr. Wriston pointed out that 100 foreign banks in tre U.S. have 400 offices unhampered by state boundaries which usually confine U.S. branch banking to a single state. He said that foreign bankers could also lend cheaper money because they were not bound by reserve requirements.

He said retail chains, finance companies and other financial institutions had, with foreign banks, moved into areas where U.S. banks had long been considered to have exclusive franchises.

There was nothing wrong with that, Mr. Wriston said. The public was entitled to the best service at the lowest cost that the market place could provide, and the competitors were doing their best to provide it. But he added: "Our complaint as managers and owners of a bank stems from the fact that we are not being allowed to participate as equals in a fair contest."

Mercury stops Brazil fishing

By Diana Smith

RIO DE JANEIRO, April 18

THE BRAZILIAN authorities have appealed urgently to the World Health Organisation for advice, after finding traces of mercury in water samples taken off the coast of the southern state of Rio Grande do Sul.

All fishing and trading in fish in the area has been banned while the authorities investigate to the nature and causes of a highly-toxic substance which has fouled the waters of Hermenegildo Beach near the Urguayan frontier, for three weeks.

The fishing industry in the state employs 20,000 people and lands 150,000 tonnes of fish per year.

Substances found in air and water tests and post-mortems on dead animals and fish, are pointing the authorities to the wreck of the Brazilian cargo vessel Lloyd Taquari which went down in 1971.

The ship was carrying 24 tonnes of mercurial compounds, 173 tonnes of caustic soda, seven tonnes of proplene and seven tonnes of ethylenamine. Dow Chemicals, owners of part of the cargo, warned the coastal authorities of the danger at the time of the shipwreck.

Tax avoidance enters art world

BY STEWART FLEMING NEW YORK, April 18.

THE CONTROVERSY about tax avoidance shelters, which has been reinforced by the Carter Administration's proposed tax reforms, has spread to the art world. In the January issue of *Art Letter*, a New York-based newsletter for art professionals, Ms. Lee Rosenbaum reports that lawyers and accountants are seeing an upsurge of inquiries regarding tax-shelter deals involving prints.

The 1976 tax reform law dealt a severe blow to many types of tax shelter, which allowed people in high tax brackets to obtain deductions and credits equal to several times the amount of money which they actually invest in a business.

The law discouraged tax shelters in fields such as motion pictures, farming, equipment leasing, and oil and gas exploration. But print publishing remains an unrestricted area.

While advocates of print-based tax shelters, according to *Art Letter*, argue that tax shelters bring new money and marketing skills into the art world, critics argue that the techniques may prove damaging to the reputations of artists and the art business.

POLITICS IN TRINIDAD

Clearing the House

BY DAVID RENWICK, IN PORT OF SPAIN

A Bill now before the Trinidad and Tobago House of Representatives threatens no fewer than six of the 36 members with losing their seats. The proposal is to force members to vacate their position in the House if they leave or are expelled by their party.

A seventh MP could find himself removed from Parliament if his current appeal against conviction on a charge of wounding is dismissed by the Court of Appeal. The country's voters thus face the peculiar position of being threatened with the loss of just under one-fifth of the Parliament they elected in September, 1976.

Trinidadians have become accustomed to the unusual in their politics. In the 1971-76 Parliament, for instance, one party, the People's National Movement, won all 36 seats. But the present situation could hardly have been foreseen by even the most prescient of analysts a mere few weeks ago. It has come about rapidly with the defection from the ranks of Dr. Eric Williams's Cabinet and of the PNM party of the former Minister of Works, Transport and Communications, Mr. Hector Mc Clean. Ministers have not made a habit of resigning from the Cabinets headed by Dr. Williams in the 22 years he has been running successive PNM Governments.

Only two have previously done so: Mr. Arthur Napoleon Raymond Robinson, Finance Minister, quit Government and party in 1970 at the height of the "black power" civil disturbance of that year and formed his own rival organisation, the Democratic Action Congress (DAC); and Mr. Karl Hudson-Phillips, a debonair Cambridge-trained lawyer, who was Dr. Williams's Attorney General between 1971 and 1973.

Mr. Hudson-Phillips stayed on as a PNM member when he quit, but Mr. Mc Clean, 38, a lawyer, has followed Mr. Robinson's example and washed his hands of Cabinet post and party allegiance on the grounds that the Prime Minister appeared to have lost confidence in him and was whittling away the responsibilities he had.

Dr. Williams has made no bones about his feeling that members who cross the floor should be deprived of their their seats; he forced a reluctant party prior to the last election to insist that those selected to run on a PNM ticket should sign undated letters of resignation to be held by himself for submission to the Speaker of the House if any decided to cease supporting the party.

The PNM emerged from the 1976 election with a lead of 12 seats over the combined opposition, which meant that the loss of six members could deny it its absolute majority in the House. Mr. Mc Clean's going has reduced its lead to 11 and revived the fear of gradual attrition of the PNM's hold on power should his example be followed by any of the other Ministers or, more likely, seven backbenchers whom the Prime Minister has described sarcastically as "millstones." He would have preferred candidates of a different calibre to represent the PNM at the election, but was overruled during the party's selection process.

The undated letter of resignation might now be brought out to dispose of Mr. Mc Clean. But strong doubt has been cast on the document's validity by the Speaker, Mr. Arnold Thomasos, who said publicly that he was "unaware" of any undated letter. If one were sent to him, he would almost certainly continue to regard Mc Clean a duly elected member of the House for his constituency of Arouca during the rest of the Parliamentary term.

Hence, the Bill that has now been hurried before Parliament to amend the Constitution of the Republic of Trinidad and Tobago to make it mandatory for an MP to "vacate his seat in the House" if he "resigns from, or is expelled by, the party with whose support he was elected." The Senate is nominated and not affected by the Bill.

The amendment was introduced by the Attorney-General, Mr. Selwyn Richardson, only seven days after Mc Clean's defection and, since the section of the Constitution concerned is not a specially entrenched one, needs only a simple majority to pass both chambers.

Even if it did need opposition support, the chances are that it would get it since Mr. Basdeo Panday, who has just been reinstated as Official Opposition United Labour Front (ULF) leader in Parliament, believes the bill could help him to get rid of the four-man group which succeeded briefly in ousting him from the party leadership between August last year and April this year.

The same applies to one of the two representatives in the House of another minority opposition group, the Democratic Action Congress (DAC).

It is quite possible that the MPs affected by the change in the law will challenge the amendment in the courts as the Republican Constitution entitled them to do. In that case, the voters have clearly not heard the last of the events set in train by Mr. Mc Clean's defection.

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OVERSEAS NEWS

S. Africa plans army base near Mozambique border

BY QUENTIN PEEL JOHANNESBURG, April 18.

THE South African defence force is to build a major new army base close to the Mozambique and Rhodesian borders, confirming the continuing military build-up in the area. The move follows a decision last year to site a new air base in the area, of which the first phase will be finished this year.

The latest announcement was made by Mr. P. W. Botha, the Minister of Defence, introducing the vote on his defence budget in Parliament.

He also revealed U.S. aircraft had flown military supplies to South African-held bases in Angola during the civil war there.

On the base, he announced that a large "combat school" to provide facilities for brigade manoeuvres will soon be established at Sishen in the Northern Cape. The school will provide training in conventional warfare.

Mr. Botha said the new army base would be at Phalaborwa, in north-east Transvaal, 50 kilometres from the Mozambique border and 150 kilometres from Rhodesia. The base should be ready next year.

The new airbase is at Hoedspruit, 40 kilometres further south along the edge of the Kruger game reserve. Mr. Botha said the first phase would be completed during 1978.

It was confirmed at the weekend by Brigadier C. F. Zietsman, the head of the security police, that guerillas belonging to the banned African National Congress had been involved in fighting with "counter-insurgency forces," and at least two policemen had been wounded in a recent incident. Brigadier Zietsman said "numerous arrests" had been made and quantities of arms, ammunition, hand-grenades and explosives had been seized.

Agreement on mortgages for urban blacks has been reached between the South African Government and the building societies, Quentin Peel reports from Johannesburg. Dr. Connie Mulder, Minister of Rural Relations, said in Soweto yesterday that blacks would be allowed 99-year leases but no freehold rights.

"We have been operating in eastern Transvaal since about the middle of last year," Brig. Zietsman said. "We are also keeping a careful check on the Botswana border with South Africa." He said the ANC appeared to be operating a double strategy to involve as many security force units as possible in rural areas, while sending small groups to the cities as well.

Giving further details of his defence budget, which was actually cut from R1.78bn. to R1.53bn. for the current year, Mr. Botha said the reduction was accounted for by the cancellation of contracts for the delivery of corvettes and submarines from France in the wake of November's UN arms embargo and by the fact that Armscor—the Armaments Production Corporation—was planning to enter the capital market this year. He predicted South Africa's defence budget would top R2bn. (£1.25bn.) in the near future.

On Angola, he criticised the U.S. Administration bitterly for supporting the UN arms embargo, which was based on allegations of South African aggression there.

"We are condemned because we went into Angola on a limited scale," he said. "There was a time when American aircraft offloaded arms at military positions and military bases in Angola held by South African soldiers. I was there myself and I saw how the arms were offloaded."

He said earlier South Africa had entered Angola with the knowledge and approval of the U.S., "and they recklessly left us in the lurch."

Somalia signs pact with China

By Our Own Correspondent

PEKING, April 18.

THE Somali President, Mohammed Siad Barre, left Peking to-day after a cordial five-day visit during which his country signed an economic and technical co-operation agreement with China.

He was treated to a high-powered Chinese farewell with bands, bunting and bouquets—and a line-up of officials from the best pages of China's Who's Who.

President Barre's treatment throughout the visit has been more than comradely. On Sunday he met chairman Hua Kuo-feng, who assured the Somali leader of strengthening mutual understanding and friendship.

At other meetings with Chinese leaders the dispute between Somalia and Ethiopia was aired vigorously. At an official welcoming banquet, President Barre attacked the Soviet Union's "wanton interference" in the Horn of Africa.

Chinese Vice-Chairman Li Hsien-nien said much the same thing, although in characteristically muted language. His meaning was clear, however, and diplomats from the Soviet Union, together with several Eastern European countries, walked out of the banquet as he spoke.

President Barre's visit was, as is always the case in China, very carefully arranged. And the message, writ-large for all the world to see, was that China and Somalia were special friends and intend to stay that way.

Sydney Morning Herald

Israel gives UN assurances on withdrawal

BY DAVID LENNON TEL AVIV, April 18.

ISRAEL'S leaders to-day assured Dr. Kurt Waldheim, the UN Secretary-General, that it will withdraw its troops from southern Lebanon, but left the timing of the pull-out to be discussed between the commanders of the UN and Israeli forces.

Dr. Waldheim pressed his demand for a speedier Israeli withdrawal during his meetings to-day with the Prime Minister, Mr. Menachem Begin, and Mr. Moshe Dayan, the Foreign Minister.

The Secretary-General said he had discussed the implementation of the Security Council resolution last month calling for immediate withdrawal of the troops occupying south Lebanon. After the meetings, he said he hoped there will be further withdrawals now that the UN interim force in Lebanon (UNIFIL) had deployed the bulk of its troops in the occupied zone.

Mr. Dayan said he felt that "full agreement and co-ordination between the UN and Israel is really within reach." Mr. Begin said Israel's main concern was to prevent the creation of a vacuum into which Palestinian forces could enter.

Dr. Waldheim said the Prime Minister and Foreign Minister had given him the necessary assurances that Israel would withdraw. "What is necessary is to work out the timetable," he said.

The UN official said he had discussed increasing the size of the UNIFIL force with his generals, "and it may be necessary to increase our force. The area is rather big to control so it is quite possible we will have to ask for more forces," he said.

Dr. Waldheim to-day visited UNIFIL troops on both sides of the ceasefire line in south Lebanon. He said additional troops from Nigeria and Senegal would be arriving within a few days.

Questioned if Israel had objected to the presence of troops from these countries which have severed diplomatic relations with Jerusalem, Dr. Waldheim said the issue was not raised by Mr. Begin during their meeting this morning.

Lt.-General Raphael Eitan, the new Israeli chief of staff, and Lt.-General Ensio Siilasvuo, the chief coordinator of the UN peace-keeping missions in the Middle East, were due to meet this afternoon to discuss further Israeli withdrawals.

A message from Egyptian President Anwar Sadat was presented to Mr. Begin to-day by a group of evangelical leaders from America. In his message, President Sadat said there has to be a solution to the Palestinian problem before there can be a lasting peace. The Egyptian leader also expressed concern over Israeli settlements in Sinai.

Japan's rail services hit by strikes

TOKYO, April 18.

SEVERAL Japanese rail services were virtually paralysed to-day when left-wing railway unionists launched a 48-hour strike after rejecting an offer to increase their average wages by 3.8 per cent.

Some freight handling operations at major ports, including Tokyo, Yokohama and Kobe, where 112 ships are affected, were also halted by a separate two-day walk-out.

Japan National Railways (JNR) said the rail strike affected the northern island of Hokkaido and Sea of Japan coastal areas to-day, forcing an estimated 450,000 people to stay at home.

Reuter

Sadat in top policy talks

BY ROGER MATTHEWS CAIRO, April 18

PRESIDENT Anwar Sadat of Egypt is to call a meeting of his top-level policy review body, the National Security Council, within the next few days. The President's decision reflects the changing emphasis in Middle East politics brought about by the failure of efforts to achieve any understanding with Israel and the invasion and occupation by that country of southern Lebanon.

The agenda for the meeting, according to the Government newspaper Misr, will be a report by General Mohammed Abdul Ghany el-Gamassy, the War Minister, on his talks with Mr. Ezer Weizman, the Israeli Defence Minister, together with an overall review of the military situation; a discussion on efforts to convene an Arab summit meeting aimed at restoring unity; and an "assessment of U.S.-Israeli relations with reference to the opposition by the American public to the policies of Mr. Menahem Begin, Israel's Prime Minister."

The last item on the agenda is clearly the one on which Mr. Sadat will be arguing most forcibly. He urgently needs firm U.S. action to break the deadlocked peace initiative, a topic that was discussed by Mr. Cyrus Vance, the U.S. Secretary of State, and Mr. Mohammed Ibrahim Kamel, Egypt's Foreign Minister, when they met briefly at Cairo airport early this morning.

Assad may seek Indian nuclear help

By Ihsan Hijazi

BEIRUT, April 18.

SYRIAN President Hafez Assad's visit to India to-day has been given special attention by Middle East analysts because of speculations that the Syrian government may seek Indian assistance in the development of nuclear weapons.

The visit was due to have taken place last month but had to be postponed because of the Israeli invasion of southern Lebanon.

President Assad recently went on record as declaring to reporters in Damascus that if it were proven Israel possessed atomic weapons Syria would seek to have them too.

Wide powers of detention introduced in Namibia

BY OUR OWN CORRESPONDENT JOHANNESBURG, April 18.

SWEEPING emergency powers of detention were introduced to-night in Namibia (South West Africa) by Judge Marthinus Steyn, the South African Administrator General, in a move which could prove fatal for hopes of a peaceful settlement in the territory.

The legislation, to prevent political violence and intimidation, follows the assassination of Chief Clemens Kapuuo, leader of the Herero tribe, three weeks ago and inter-tribal unrest which has left more than 20 people dead.

The emergency legislation provides Judge Steyn with powers of indefinite detention of any person whose "actions promote violence or intimidation."

The move is seen as aimed primarily at the South West Africa People's Organisation (SWAPO), which has been consistently blamed by Judge Steyn and the police for violence and intimidation in the territory.

The move comes at a time when the five Western members of the UN Security Council are making final efforts to achieve agreement on proposals for a peaceful settlement in the territory. Observers believe Mr. Pik Botha, the South African Foreign Minister, was close to announcing his acceptance of the plan.

● The first power from the Ruacana hydro-electric scheme on the border of Angola and Namibia was generated in "wet testing" at the weekend, Mr. J. P. Brand, general manager of the South West African Water and Electricity Supply Commission, said to-day.

INDIA'S ECONOMY

Over-cautious about reserves

BY CHRIS SHERWELL, RECENTLY IN NEW DELHI

THE Indian Government's over-cautious policy on its large pool of foreign exchange reserves is provoking worries that a good opportunity is being lost for the country temporarily to spend its way to a growth rate higher than its ambitious economic plan already proposes.

The reserves will top $5bn. this year—equivalent to about ten months' imports—having never risen much above $1bn. before 1975. While three good monsoons and a turnround of the trade balance have helped, the boost has come principally from the large increase of the number of Indian contract workers remitting their earnings from the Middle East.

The origin of the worries is the future of these remittances. A slow-down of the Gulf economies would leave them on a plateau. In the judgment of the labour and industries ministries, business organisations and diplomatic and international agency

Stone-throwing supporters of Mrs. Indira Gandhi and her son, Sanjay, caused disturbances when she appeared yesterday before the Chief Metropolitan Magistrate over two complaints against her by the Shah Commission, writes our New Delhi correspondent. She pleaded not guilty to the charges and opted to stand trial in the case arising out of her refusal to take an oath and answer questions before the Commission.

analysts in New Delhi that is likely to happen.

India's Planning Commission, however, is predicting a very sharp plunge. It reckons that remittances will total $2.4bn. over the coming five years, but, also that they will continue at the present rate for some two to three years. As the present annual level is reliably put at well over $1bn., a drastic decline could occur around 1981.

Finance Ministry officials seem to back the Commission forecast, making the judgment that some workers will be returning and that many who stay in the Gulf area will remit smaller proportions of their incomes than in the past. On the other hand, the ministry's economic survey says there are "no signs" that the reserves will stop growing in the future.

The conclusion drawn from the latter forecast is that the Planning Commission projection of a "drawing down" of the reserves over the coming five years (by $.4bn.) is unlikely to make much of a dent on the amount actually in the vaults, and that if more realistic projections of remittances are made India will be stuck with more reserves than it can cope with. That can be turned into an argument for using the reserves now.

Government policy on the reserves is in fact very conservative. The Government believes India should hold large reserves because it claims India lacks "secondary line reserves" (swap lines, access to Eurodollar borrowing) and because of fears about the harvests and variations in world prices of essential imports.

The government accepts that reserves should be used for imports, but it won't allow them used at the expense of domestic industry save in the national interest.

The relaxation apparent in the recent measures liberalising imports is less bold than it first appears. Major increases will be in power plants, fertilisers and other goods where Indian industry cannot meet current levels of demand. The scope obviously exists for a further relaxation though the recent measure is a good sign.

The government stiffly resists the idea that large reserves allow more growth than the historically high rates it is already planning. It speaks of a "rupee resources problem" a lack of resources to invest, and says these must come either from new or higher taxes or from running a budget deficit.

It is this which in the view of many highlights the most important barrier that the government's conservatism has erected against a quick "go for growth" policy. For the government is first of all reluctant to raise taxes on incentive grounds—a view the pro-growth people accept—but secondly cannot escape its economic orthodoxy to make the more potent policy of deficit financing politically acceptable.

Deficit financing is highly contentious within and outside the cabinet and party. A minor storm was caused by the small deficit proposed in the budget presented in February. Since then the Prime Minister himself has had to answer questions in parliament and offer vague indications that no deficit may be run.

The Government is thus unable or unwilling to respond to the urgings from prominent businessmen that it stimulate the economy. It feels investment is picking up anyway and that a real breakthrough must wait perhaps three years when the planned investment in agriculture, rural industries and infrastructure has raised incomes in areas that have not felt the benefits of India's past growth.

The view of those outside government is that this does not prevent a boost now calculated to have a short-term effect. As they see it, India has more aid than it knows what to do with, more reserves than it can cope with, and more slack in its economy than it needs. Prices are steady, unemployment high, and yet it will not spend. As one diplomat stresses, it is not so much an opportunity missed, as an opportunity half-grasped.

TRADE NEWS

N.Z., Australia gloomy over NAFTA outlook

BY KENNETH RANDALL

CANBERRA, April 18.

SENIOR AUSTRALIAN and New Zealand ministers met to-day for their annual review of the operations of the New Zealand-Australia Free Trade Agreement (NAFTA), but concluded that there was little scope for significant development while the economies of both countries remained in their present troughs.

In fact the ministers on both sides were under heavy pressure from industry lobbies to seek more protection against imports. Reports from the meeting indicate that they have been able to resist most such pressures, at least for the time being, but that several thorny problems remain to be resolved before this year is out.

Australia was represented by the Minister for Trade and Resources, Mr. Doug Anthony, and the Minister for Industry and Commerce, Mr. Philip Lynch. New Zealand's representatives were the Minister for Overseas Trade, Mr. Brian Talboys, and the Minister for Trade and Industry, Mr. Lance Adams-Schneider.

The official communiqué issued this evening noted that if the trend for the first six months of 1977-78 continued through to the end of June, total two-way trade between the two countries would exceed $A1bn. in a year for the first time.

With an eye to their constituents at home, the ministers pointed out, for New Zealand's benefit, that New Zealand exports were showing the higher rate of growth. For Australia's benefit, it was pointed out simultaneously that in the first half of this financial year, Australian exports of finished manufactured goods "had recorded a very substantial increase" compared with the corresponding period of 1976-77.

Looking at Schedule A of NAFTA, which details the goods free of any restriction in trading, the ministers agreed that it would be unrealistic to expect any substantial extension of coverage "in at least the next 12 months" because of current economic and employment conditions.

The Australian ministers expressed serious concern at some of the implications of the revised New Zealand tariff, scheduled to come into effect from July 1.

They were told that some changes in rates of duty and margins of preference were being made in Australia's favour.

The same officials' group has been asked for a priority report on the prospect for further rationalising the automotive industries of the two countries, both of which are severely depressed.

The ministers agreed that present quota and market access arrangements for their clothing, textiles and footwear exports to each other would be extended to mid-1980 and that the trade in white goods would be reviewed before the end of this year.

● Australia and New Zealand decided to-day to examine whether the motor industries in the two countries should pool their resources and work together. Mr. J. D. Anthony, the Australian Deputy Prime Minister, said rationalisation of industry would help the countries to be more competitive and would provide a bigger sales market.

Soviet team discusses Austria joint ventures

By Paul Lendvai

VIENNA, April 18.

AUSTRIAN FEDERAL Chancellor, Bruno Kreisky, told the Press to-day after the weekly Cabinet meeting that the Soviet industrial delegation that visited Austria last week expressed interest in joint projects in the motor industry, particularly heavy lorry manufacturing, possibly cars.

The idea follows the failure of similar negotiations with the West German Porsche company about setting up an Austrian car plant to produce 50,000 cars a year under licence, mainly for export.

Talks are said to be also in progress with Chrysler and Fiat company about component plants in Austria. Renault has concluded an agreement about setting up a small plant in the province of Styria.

Austria has balance of payments difficulties, largely because of car imports: and fuel imports from the Soviet Union have produced a steadily increasing deficit.

During Dr. Kreisky's visit to Moscow earlier this year, the possibility of joint industrial ventures and increased Soviet purchases in Austria were discussed. Evidently the car project constitutes one of the subjects the Chancellor raised in Moscow.

It is thought highly doubtful that Austrian consumers would opt in appreciable numbers for a car even partly produced in the Soviet Union.

Tanzania £4m. aid

Britain is providing a £4m. programme aid grant to Tanzania to assist the country's railway network. The aid, to be spent on British goods and services, will be used to help to maintain and re-equip Tanzania Railways after the break-up of East African Railways. It is the second British aid grant for Tanzania Railways.

U.K., Dutch companies step up fight for Japan aircraft order

BY YOKO SHIBATA

TOKYO, April 18.

WITH THE establishment of the "New Aircraft Introduction Committee" by TOA Domestic Airlines, the competition between two European aircraft, namely the British Aerospace One-Eleven and the Dutch Fokker-28 as replacements for TDA's YS-11 is expected to become more severe.

TDA announced to-day that the company has merged its former two study committees on wide-bodied jets and YS-11 replacements into the New Aircraft Introduction Committee.

The new Committee consists of completely new members, with its main stress on the technical side. The first meeting will be held in this month for the selection of three wide-bodied jets and several YS-11 replacements.

The target time of the introduction of both aircraft would be this September, according to TDA's purchase plan for fiscal 1978, which was submitted to the Ministry of Transport on March 24.

As for YS-11 replacements, TDA has been studying three candidates (the One-Eleven, Fokker F-28, and modified DC-9). All these are claimed to be able to meet three requirements of a take-off and landing performance equal to that of the YS-11, low noise levels, and low seat kilometre costs.

Because of the strong approach made by the EEC to buy European aircraft in order to correct the current European trade imbalance with Japan, TDA is inclined to buy European aircraft. Mr. Isamu Tanaka, president of TDA, commented: "In view of the present situation, a European aircraft is most likely to replace the YS-11."

Mr. Tanaka added further on March 22: "If we could borrow one BAC One-Eleven for the test, TDA is willing to use it." Mr. Tanaka's comment was widely interpreted to mean that the One-Eleven is the most promising candidate for the YS-11 replacement.

In order to make doubly sure of the deal, Mr. John Ferguson-Smith, of the Commercial Aircraft Division of the Aircraft Group of British Aerospace, visited Japan on March 27 to negotiate with TDA on procurement of the One-Eleven.

At the same time, the Dutch Government sent a Charge D'Affairs, Mr. F. Van Green, to meet Mr. Nobuhiko Ushiba, Minister of External Economic Affairs. Mr. Van Green asked for Mr. Ushiba's support.

The Dutch efforts have included briefings on the F-28 Mark 6000J to TDA and related governmental officials by visiting Fokker-VFW representatives last week.

At a Press conference Mr. Klass Lanceen, marketing manager of the Pacific Division of Fokker emphasised "The new version of the F-28 was specifically designed as a YS-11 replacement, having been improved and stretched in order to increase the number of seats from 85 to 100. As a result, the seat kilometre cost will decrease, while maintaining the aircraft's original characteristics of low community noise."

According to the Fokker spokesman, the campaign for the F-28 Mk 6000J puts particular emphasis on its low noise characteristics, which are of particular importance for Osaka habitants in view of that city's

Air-India is looking at the Lockheed TriStar Dash 500 as one option for replacing its Boeing 707 fleet, Our Own Correspondent reports from New Delhi. The type uses three Rolls-Royce engines. The European Airbus is also being considered.

W. German call for more Japan imports

TOKYO, April 18.

WEST GERMANY'S Deputy Minister for Economic Affairs to-day criticised recent Japanese moves to curb exports, saying Japan should boost imports instead. "Bluntly speaking, I would not like to see (West) Germany as the next country to curb exports, so I do not want Japan to do it," Dr. Detlev Rohwedder told a Press conference.

The sharp rise in the value of Yen had made imports cheaper for the Japanese he said. Figures for 1975 showed Japanese imports of manufactured goods were only $89 a head of population, compared to $300 in the United States and $624 in West Germany.
Reuter

● Japan's current account balance of payments surplus might fall in fiscal 1978 to about $6bn. after the record $14.13bn. surplus in fiscal 1977, according to Toshiwo Doko, president of the Keidanren, the Japanese federation of economic organisations, Reuter reports from Stockholm.

SMMT urges defence of free trade

By Terry Dodsworth

TURIN, April 18.

POST-WAR POLICIES of international free trade must be defended against countries expanding their exports behind closed frontiers, Mr. Barrie Heath, a vice-president of the Society of Motor Manufacturers and Traders, said yesterday.

In a reference to the East European trading bloc and the Japanese, Mr. Heath said competitors who ensured that 98 to 100 per cent. of their markets were dominated by their own producers could not expect full, open-door treatment.

"Europe cannot sit back and play at free trade with stacked-deck partners," he said.

But Mr. Heath, speaking on the eve of the Turin Motor Show, made clear that the remarks referred only to countries which had not shown a full commitment to free trade.

He went on to emphasise that the British motor industry still stands firmly behind a general policy of free trade, despite British Leyland's recent efforts to persuade the Government to limit imports of Japanese cars. Protectionist trade policies could only lead to a lowering of living standards in the West, he said.

● Toyota Motor Co. is still studying the feasibility of building a factory in the U.S. to produce vehicles there.

● Nissan Motors is to raise retail prices of Datsun cars and trucks in the U.S. by an average 5.4 per cent. or $265 from April 20 after the yen appreciation against the dollar, Reuter reports from Tokyo.

It will be the sixth increase in the U.S. since last May, bringing the total price increase to 21.3 per cent. or $915, it said. Despite repeated price increases, Nissan's exports to the U.S. rose 28.8 per cent. to 534,860 in fiscal 1977, it said.

French car imports

The foreign share of the French car market declined to 19.82 per cent. in February from 22.59 per cent. in January compared with 20.49 per cent. in February last year, Reuter reports from Paris.

Inter-Comecon business to rise by 12%

BY CHRISTOPHER BOBINSKI

WARSAW, April 18.

THE SLOW-DOWN in East-West trade and the "consequent shift in trade towards the Comecon" is a factor that explains the fast growth in trade between Comecon countries planned for 1978.

That conclusion is drawn by the Polish trade paper Foreign Markets in an article on the Comecon country trade protocols agreed for the current year. It says the decisive factor in that growth is the long-range policy of integration within Comecon.

Inter-Comecon bilateral trade agreements for 1978 foresee an average 12 per cent. growth over the previous year, although Polish-Romanian trade and Polish-Soviet trade will grow by 19 per cent. and 17 per cent. respectively and Hungarian-Romanian trade by 16 per cent.

Czech-East German trade, on the other hand, is to grow at 9.5 per cent.

Trade turnover is planned to exceed amounts agreed by protocols signed for the 1976-80 period, as those were seen as lower limit agreements. Thus trade turnover is as a rule 5 to 10 per cent. up on the five-year period protocols.

All the trade agreements for 1978 foresee a trade growth rate higher than the planned national income growth of the countries involved. Also they all foresee a quicker growth of machinery and equipment supplies than of other goods.

Trade agreements where the Soviet Union is involved see a dynamic growth rate of deliveries of Soviet raw materials although that is "somewhat slower" than the growth rate of machinery supplies.

The percentage growth of investment machinery supplies is larger in all the agreements than the growth of overall trade.

Thus growth of equipment supplies by Poland to the Soviet Union in 1978 over the previous year will be 27 per cent. while trade turnover growth will be 17 per cent.

Landing aid choice unlikely this week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

IT IS considered certain that the 66 nations meeting in Montreal to try to decide on a new landing aid for airliners will adjourn later this week with no agreement on the rival systems on offer.

The meeting, under the auspices of the International Civil Aviation Organisation, was expected to decide by this Friday between an American landing-aid, called Time Reference Scanning Beam (TRSB), and a British system, called Doppler, for recommended world-wide use in the 1980s and beyond.

The winning system could expect to win orders worth up to £1bn. over the years ahead.

But the meeting was thrown in disarray late on Monday when the U.S. delegation sharply changed course and, in addition to offering TRSB, also offered, with the support of Australia, West Germany and the Soviet Union, a variant that would be cheaper for Third World Nations to install.

The effect, according to reports from Montreal, has been to cause chaos in the meeting, with many delegates no longer sure just what is being proposed by whom. At the same time, because the additional U.S. submission has not been given the same degree of technical evaluation as the original TRSB and Doppler systems, some delegations are declining even to consider it.

The inference drawn from the U.S. action is that it saw the meeting moving closer to adoption of Doppler, and decided to stave off a defeat by introducing an alternative system that used the same principles as TRSB but was cheaper for some countries to adopt.

Norway shipyard row

BY PAUL TAYLOR, INDUSTRIAL STAFF

THE NORWEGIAN Government is expected to announce plans for a phased reduction in shipbuilding capacity and a substantial reduction in the industry's labour force within the next few months.

In January a Royal Commission composed of Government, union and employers' representatives recommended a 30 per cent. reduction in capacity over three years.

It said the total labour force making new ships should be cut from the present level of 20,000 to 14,000 and a minority of the Commission suggested an even more drastic reduction to only 8,000.

Speaking before the opening of the four-day Norwegian Marine Gear Exhibition in London yesterday, Mr. Hallvard Bakke, Norwegian Minister of Trade and Shipping, said the need for substantial reductions was accepted to obtain market equilibrium and secure Norway's shipbuilding future.

He said the Commission's proposals were being studied by the Ministry of Industry and a decision would be reached "this spring."

Mr. Bakke would not say how much financial aid his Government had given to the merchant marine through the state-backed guarantee institute for ships and drilling rigs, but said there were no plans to mount further "rescue" schemes.

In his opening remarks at the exhibition he said Norway was happy to share "with all interested parties" the nation's skills and engineering products.

U.S.-Brazil container row

BY DIANA SMITH

RIO DE JANEIRO, April 18.

BRAZILIAN AND United States maritime authorities are preparing for the next bout in the battle by the U.S. container line, Sea-Land, to operate its 35-foot containers in Brazilian ports.

Brazilian law, based on specifications of the International Standardisation Organisation (ISO), stipulates that only 10, 20, 30 or 40-foot containers may be operated here. Sea-Land has 35-foot containers only. Therefore the Brazilian maritime authority, Sunaman, says that unless international specifications are altered, Sea-Land will not be granted access here.

Secondly, since 1973 a cargo pool of three Brazilian and three American shipping lines has covered the north-south and south-north routes from the East and West Coasts of the U.S. and the Gulf of Mexico. The American lines involved are Moore McCormack (East Coast), Delta (Gulf of Mexico) and Prudential (West Coast). Delta is negotiating to buy Prudential.

Sea-Land, which operates in 56 countries apparently prepared to waive ISO specifications, has challenged the pool as a restraint on trade, by filing a suit in the court of Philadelphia against the U.S. Federal Maritime Commission.

The commission recently gave its bene placet to the pool's continuation until 1980. The suit is pending. If the court rules in Sea-Land's favour, the pool will come under legal fire. If it rules against Sea-Land, the company, according to U.S. experts, has other weapons.

Meanwhile the U.S.-Brazilian Equal Access Agreement of 1971 is being strained by the Sea-Land dispute.

The strains have emerged because Sea-Land's main base of operations is Puerto Rico: U.S. territory. Brazil vetoed transshipment of cargo laden in Philadelphia, San Diego or New Oreleans via Puerto Rico and insists that, as the importing country, it is entitled to stipulate which vessels and which ports handle its cargo. Sea-Land rejects that attitude and the U.S. Government views it with deep concern.

Questions of sovereignty are involved. Those were pointed out by Mr. Robert Blackwell, U.S. assistant secretary for maritime affairs, to his opposite numbers at Sunaman in recent official talks undertaken because Sea-Land failed to get the Brazilians to change their minds.

Mr. Blackwell was anxious to maintain good relations developed under the access agreement, and tried to show Sunaman that if 56 countries accepted Sea-Land's odd-sized containers Brazil could do so also. He pointed out that by rejecting trans-shipment via Puerto Rico, Brazilians were in effect close to impinging on U.S. sovereignty.

Such attitudes, the U.S. side made clear, might harm future shipping relations.

HOME NEWS

Fee scale solution sought by architects

By Michael Cassell, Building Correspondent

ARCHITECTS ARE to consider replacing their mandatory minimum fee system with a recommended scale of fees following discussions with the Office of Fair Trading.

The talks, which ended yesterday, followed last November's report from the Monopolies Commission, which called for changes in architects' and surveyors' payment methods.

The recommendations brought immediate opposition from both sectors but the Royal Institute of British Architects said yesterday that some progress towards reaching a possible compromise had been made.

Special general meetings are to be held next month by the RIBA and architects' bodies in Scotland and Ulster to seek approval for a system of recommended scale fees which would be determined by an independent committee representing clints and the professions.

In calling for abolition of the mandatory fee system, the Monopolies Commission claimed the system maintained fees at an unnecessarily high level.

The Commission said that a recommended fee structure would not be against the public interest, provided that fee quotation in competition was allowed. It seems clear, nevertheless that architects are still determined to avoid the emergence of uncontrolled price competition and the RIBA said that its strong opposition to any such moves had been indicated to the Office of Fair Trading.

In its talks with the Office, the RIBA emphasised that the current recession in the construction sector and its associated professions highlighted the potential dangers of widespread fee-cutting.

Go ahead likely for oil fields expansion

BY RAY DAFTER, ENERGY CORRESPONDENT

OIL COMPANIES expect to receive Government approval for the development of several new North Sea fields this year. The resulting work, probably worth more than £25n., will provide a boost to offshore suppliers and platform builders in particular.

A new report on offshore oil and gas activity shows that negotiations involving six oil fields have reached a stage at which their development could begin in the near future. Energy Ministers pointed out that a number of other development projects were under consideration.

Several of these were likely to be sanctioned this year: these might include British Petroleum's £1.25m. Magnus field development; Shell/Esso's Fulmer project: Mesa Petroleum's Beatrice Field development—now being re-evaluated—and the exploitation of two Hutton fields operated by Amoco and Conoco.

These fields should help to ensure that the U.K. remains self-sufficient throughout the 1980s although the Department of Energy's report (the so-called Brown Book) takes a cautious view about how much oil will be left for net exports.

Production during the mid and late 1980s is expected to be in the range of 100m. to 150m. tonnes a year. At the lower level Britain could just remain self-sufficient in oil.

Although the department is still confident that self-sufficiency will be reached in 1980 it has trimmed its estimates of output this year, from 60m.-70m. tonnes to 55m.-65m. tonnes.

The report says the more cautious view takes account of further weather and technical problems which frustrated development programmes last year. Oil production in 1977 amounted to 38m. tonnes as against the forecast in last year's Brown Book of 40m. to 45m. tonnes.

Royalties from oil and gas production reached £228m. last year as against £44.2m. in 1976.

ESTIMATED RESERVES IN U.K. LICENSED AREA
(m. tonnes)

	Proven	Probable	Possible	TOTAL
Current estimates	1,405	625	1,190	3,220
1977 estimates	1,380	920	900	3,200

Source: Dept. of Energy

Mr. Anthony Wedgwood Benn, Energy Secretary, described 1977 as the year when oil production made its first strong and positive impact on the U.K. economy.

The value of North Sea oil production in terms of exports and imports saved was more than £2bn. which, for the first time, exceeded the cost of imported goods and services needed for the exploration and development programmes.

The Government's view about the total amount of oil reserves which might be available under U.K. waters has not changed at 3bn. to 4.5bn. The higher figure allows for future discoveries in areas yet to be designated and licensed, however.

There has been only a modest adjustment to the amount of proven, probable and possible reserves in currently licensed areas, a rise of just 20m. tonnes to 3.22bn. tonnes. Estimates of proven oil reserves have risen by 25m. tonnes to 1.4bn. tonnes. These figures include about 50m. tonnes which have already been produced.

With little exploration taking place for gas reservoirs, Britain's proven reserves of natural gas has fallen from 809bn. cubic metres to 744bn. cubic metres. The drop is primarily the result of last year's production which, valued at oil prices, was worth some £2bn.

The Brown Book also shows that since U.K. offshore exploration began in 1964, operating groups have made 50 oil discoveries and 30 other finds involving gas deposits. However, exploration and appraisal drilling activity is still significantly down on the peak of 1975. On the other hand development activity has increased with 96 wells drilled last year as against 54 in 1976.

There was a slight improvement in last year's accident record: a total of 16 people are known to have died while working on offshore gas and oil installations as against 17 in 1976. There were 40 serious accidents in 1977 compared with 57 in 1976.

Development of the Oil and Gas Resources of the United Kingdom 1978: SO. £2.25.

FORECAST PRODUCTION FROM U.K. CONTINENTAL SHELF
(m. tonnes)

	1978	1979	1980	1981	1982
Current forecast	55-56	80-95	90-110	100-120	105-125
1977 forecast	60-70	80-95	90-110	100-120	—

Source: Dept. of Energy

Sanction breaking by BP alleged

BY SUE CAMERON

THE HASLEMERE group, a Third World action-research group, claims that British Petroleum's South African subsidiary is continuing to breach sanctions by supplying Rhodesia with oil.

The allegation, which is said to be supported by sources within the South African oil industry, has been rejected by BP. The company, which is 51 per cent. Government owned, says it believes its South African subsidiary is "in no way" involved with supplying oil to Rhodesia.

The Haslemere group first accused BP of breaking sanctions in February last year and it has now repeated the claim in a letter sent to MPs and trade union leaders yesterday.

In April last year Dr. David Owen, Foreign Secretary, set up an inquiry into alleged sanction-breaking by BP and Shell. The inquiry is being conducted by Mr. Thoman Bingham, QC, who has finished taking evidence and is expected to report to Dr. Owen soon.

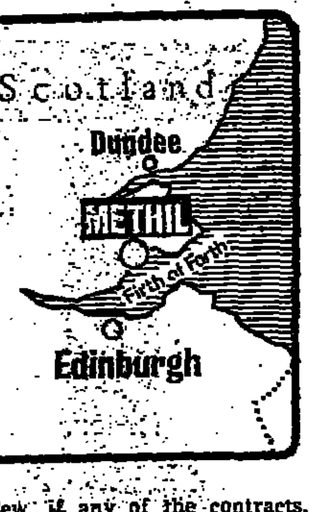
In its letter, the Haslemere group calls for the Bingham report to be published in full as soon as possible. But it adds that "some sources have suggested that neither the oil companies nor the Foreign Office are particularly anxious for the findings to come out before an internationally recognised settlement is achieved in Rhodesia."

The Foreign Office said yesterday that the findings of the inquiry would not necessarily be published at all. Publication would be a matter for Dr. Owen to decide. Both Shell and BP say they have co-operated fully with Mr. Bingham's inquiry.

● NEWS ANALYSIS—OIL PLATFORM BUILDING

Forging a new link to boost the supply chain

BY RAY DAFTER, ENERGY CORRESPONDENT



THE NEW international group that is to take over the operation of Redpath Dorman Long's oil platform construction yard at Methil, Fife, should provide a much needed shot-in-the-arm for RDL's workforce and the U.K. offshore supplies industry in general.

Following a couple of lean years for platform orders when RDL suffered as much as any U.K. company with steel fabrication experience, the prospects for new contracts now look much brighter. RDL — as British Steel Corporation subsidiary — clearly feels that it has a better chance of winning some of these prospective contracts as part of a wider, international group.

It is joining forces with the Dutch offshore group, De Groot, in a company to be called Redpath De Groot Caledonian. It is a measure of De Groot's experience that it has built some 46 platforms to date. Most of these have been small structures by North Sea standards, the type of shallow water platforms installed in Britain's southerly gas fields.

RDL, on the other hand, has built just two—albeit very large—platforms: the Brent "A" structure for Shell-Esso's northerly field, installed in May, 1976, and the steel production unit for Shell-Esso's small Auk Field, installed in July, 1974.

RDL obtained other fabrication work, including contracts for production modules and a deck structure, but these were insufficient to prevent a serious cut in jobs. By last year the payroll at Methil had fallen to less than 100, compared with a peak of 1,450 in the summer of 1976.

The workforce has now been built up to over 600 largely on the strength of a contract for part of the Tartan Field platform construction. The order was placed by Texaco after fierce competition from overseas yards.

In the event, Texaco decided to share the contract between RDL and Union Industrielle d'Enterprise of France, each company destined to earn well over £10m. for their part of the fabrication work.

Mr. David Waterstone, British Steel director and executive in charge of the Corporation's North Sea developments, said he saw that contract — awarded some six months ago — as a "great new start."

The joint venture with UIE opened up opportunities for more orders both in the North Sea and in French offshore waters, he said in September, adding that RDL would not necessarily bid for contracts in conjunction with the French group.

Yesterday's announcement shows that RDL is pinning its hopes more on the joint venture with De Groot. The merger was designed to expand both companies' share of the market for offshore drilling and production platforms and associated North Sea construction work, British Steel said.

The merger is described as "unique," for apart from the U.K./Dutch interests, the new Redpath De Groot Caledonian company will also include two Scottish interests: the Scottish Development Agency and North Sea Assets.

RDL will have a 48 per cent. stake in the RGC group. De Groot's interest will be 43 per cent., leaving North Sea Assets with a 5 per cent. stake and the Scottish Development Agency with 4 per cent.

North Sea Assets is a Scottish investment company specialising in North Sea development interests. Its involvement stems from the fact that its investment managers, Ivory and Sime, acted as marriage brokers in the RDL-De Groot link. The Scottish Development Agency says it will act as a "catalyst" in the new company, ensuring that Fife and Scotland carry out a high proportion of oil-related work won by the group.

Unemployment has been particularly bad in the Levenmouth area of Fife and RDL's near-demise last year was a major blow. In November Dr. Dickson Mabon, Minister of State for Energy, said that the Tartan contract had given the yard a last chance to prove its viability.

Mr. Waterstone—who now becomes chairman of the new RGC company—said then that the employees knew that the yard was being given a second chance and there would not be a third.

However, the formation of RGC has, to a major extent, underwritten that second chance. Mr. Waterstone said six months ago that he could see orders on the horizon for at least six offshore platforms. He may have been taking a cautious view.

It appears that following the recent lean years there could be a spate of orders for production units over the next 12 months or so, perhaps as many as a dozen according to stockbrokers Wood, Mackenzie.

Few, if any of the contracts, are likely to go to companies which have been set up to build concrete platforms, however. Oil companies claim that concrete structures are too costly and take too long to build.

This is depressing news for the concrete platform yards: Ardyne Point (McAlpine Sea Tank), Hunterston (formerly licensed by Andoc), Loch Kishorn (Howard Doris) and the vacant Portavadie site. But it brings significant encouragement to the remaining steel fabricators: Meteil (RDL), Ardersier (McDermott) and Nigg Bay (Highland Fabricators).

Methil is involved in only the Tartan part-order; Nigg Bay is building a platform for Chevron's Ninian Field; and Ardersier has three contracts—one for Conoco's Murchison Field in the North Sea, one for Petrobras of Brazil and a third for Placid in Holland.

A fourth steel fabrication company, Laing Offshore at Graythorp, Teesside, announced on Friday it was pulling out of the platform business after two years without an order.

All the yards are seeking new work and are aware of competitive pressures from Continental yards which are also short of orders. However, U.K. oil operators have given the Government an undertaking that they will give British yards a fair opportunity to compete for orders.

This means in essence that so long as U.K. fabricators have specified delivery dates, prices and technical content as attractive as overseas bidders there is little chance of oil companies being allowed to place contracts outside of Britain. This provides a clue to De Groot's involvement in the new RGC company.

Last week Honeywell, the U.S. computer and control systems company, formed a marketing link with a British company, David Brown-Vosper, in order to circumvent any political problems that might arise for a foreign company seeking business in the North Sea.

But another attraction of the deal to De Groot is that it has been seeking experience and fabrication facilities to take it into the deep water platform market.

Shoe industry's aid starts with £4½m.

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

DETAILS of the long-awaited package to aid the troubled footwear industry were announced in the Commons yesterday.

An initial £4.5m. is allocated to promote modernisation and raise productivity in an industry where about 8 per cent. of the 73,000 workers are on short time.

Mr. Alan Williams, Minister of State, Department of Industry, said the scheme would "play a significant part in assisting the industry to remedy a number of its major internal weaknesses and to ensure its long-term future."

Retail margins

More significant recommendations may be in the report expected this month from the Price Commission, which has been investigating retail margins in the industry.

Imbalance of market strength between footwear manufacturers and distributors was a main problem identified in a two-year study by management, unions and civil servants.

This, on which the measures announced by Mr. Williams were based, found that with notable exceptions too many distributors took advantage of their size and the buyers' market to, squeeze manufacturers' margins.

To establish a dialogue between producers and retailers, both are represented on the industry's Little Neddy established recently.

The aid scheme provides for:—

- Employment by small and medium companies of consultants to formulate proposals to improve productivity and efficiency. Grants will cover 50 per cent. of approved consultancy fees.
- Investment in closing-room machinery for sewing on shoe uppers. A capital grant of 25 per cent. of net eligible costs.
- Rationalisation of a company's operations and, where appropriate, improvements in the industry's structure. Interest relief grants or, in exceptional cases, loans for projects costing more than £10,000.

Mr. Michael Fielden, director-general of the British Footwear Manufacturers' Federation, said last night the significance of the announcement lay in the declaration of the Government's commitment to the industry.

Confidence was dependent on measures to curb low-cost imports. Sales from South Korea alone this year increased by 250 per cent.

The EEC introduces a system of automatic import licensing from May 1 for all shoes from 11 main supplying countries.

Bryant is cleared of conspiracy

Financial Times Reporter

MR. CHRISTOPHER BRYANT, chairman of the Bryant construction group, Birmingham, was found not guilty at the Old Bailey yesterday on two counts of conspiracy to corrupt.

Mr. Justice Melford Stevenson discharged Mr. Bryant after a four-hour retirement by the jury. Three other Bryant directors, who have admitted corruption charges, will be sentenced to-morrow.

Earlier, the jury had heard the judge say that admissions of guilt by some of Mr. Bryant's colleagues should not be weighed against him "in any shape or form," and that they had to decide whether he became a party to the kind of conspiracy alleged during the trial.

Mr. Bryant, 53, of Saintbury, near Broadway, Worcs., had denied conspiring between 1963 and 1973 to make gifts corruptly to officers and members of local authorities as inducements to show favour to his company.

He also denied conspiring to make inducements and rewards corruptly to John Maudsley, a former officer of Birmingham Corporation, who was jailed on corruption charges.

The judge told the jury to bear in mind that Mr. Bryant was a "prominent and highly respected citizen of Birmingham." He invited them to assume that details of golfing trips "I must not say orgies"—on which Bryant directors took Mr. Maudsley to Ireland had somehow escaped the defendants' attention.

Paintings realise £296,560

SALEROOM

BY ANTONY THORNCROFT

A GOOD SALE of Victorian paintings at Sotheby's Belgravia, yesterday totalled £296,560, with just 6.6 per cent. bought in. A U.S. buyer, I. Vosko, was an active participant, paying £9,500, plus the 10 per cent. premium, for Bal de la Ville de Paris pour les Blesses by William Parrott. It was an auction record for the artist. Another new high was the £8,300 which acquired Procris and Cephalus by John Spencer Stanhope.

Vosko also bought Amo Te, Ama Me by Sir Lawrence Alma-Tadema for £7,500, rather below forecast, and Colnaghi secured a portrait of Mrs. James Guthrie by Frederic, Lord Leighton, for £7,000. Young Lady Bountiful by Richard Redgrave sold to Vosko for £6,800.

Sotheby's in Bond Street had a minor auction of oriental ceramics which made £28,927, while at Sotheby's Bearne in Torquay an Edward VII shell pattern table service of 163 pieces sold for £2,900 in a silver auction which totalled £44,245.

Prince Liechtenstein paid £6,500 at Christie's yesterday for a collection of iconography, and other portraits, after and by Sir Anthony van Dyck by various engravers. There were about 180 plates. He also paid £75 for an engraving of Jupiter and Mercury in the House of Philemon and Bacis by Hendrik Groudt, after A. Elsheimer. Both lots were from a sale of Old Master engravings, etchings and woodcuts which totalled £82,973.

Eleven lots, the property of Col. William Stirling and removed from Keir House, Dunblane, Scotland, realised £14,595. They included the day's second highest lot, at £5,000, of a woodcut of an Allegory on Commerce, by Jost Amman after J. Neudorfer.

In other lots Mulder, the London dealer, paid £4,000 for a set of 38 plates of engravings after Canaletto by Visentine. A similar set last sold at Christie's in December, 1973, for 1,300 guineas. An engraving of The Virgin and Child with the Pear by Albrecht Durere, went to Craddock and Brown, the London dealers, at £3,000.

Also at Christie's there was an auction of glass and paperweights which brought in £64,571. Sheppard, the London dealer, bought a large German engraved goblet of around 1735 for £3,200, and Spink a Baccarat paperweight for £2,000.

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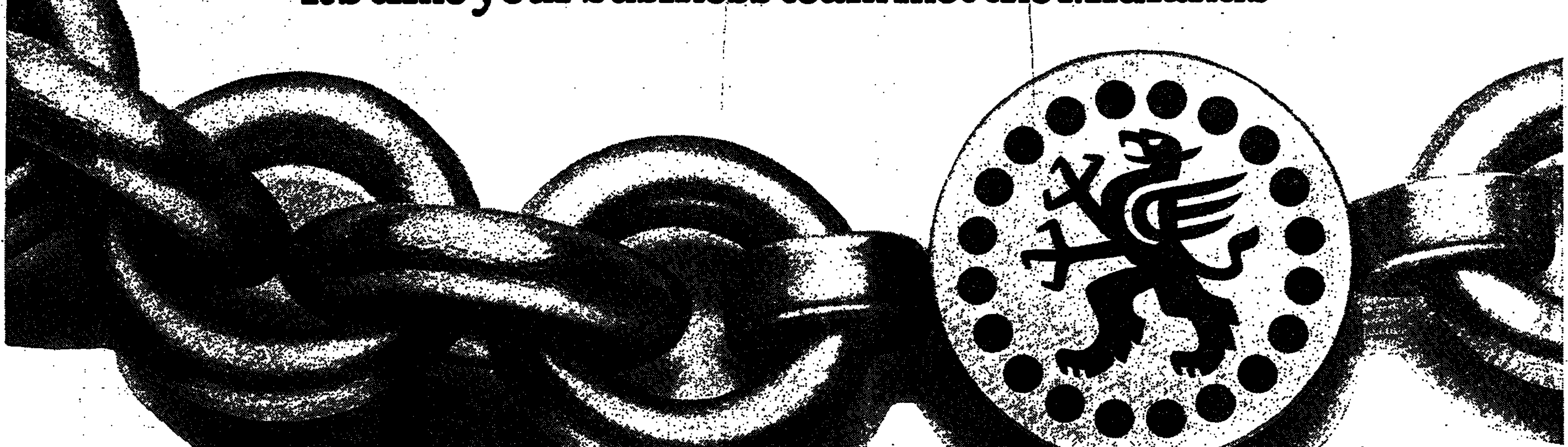

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Metric switch backing sought

By Our Consumer Affairs Correspondent

THE GOVERNMENT called on trade and consumer organisations yesterday to reaffirm their support for an orderly transition to metric measures.

In an open letter to over 100 groups which in the past have supported the Government's timetable for introduction of metrication, Mr. JJoJhn Fraser, Minister of State for Prices and Consumer Protection, asked the organisations to make their present position clear in the wake of recent attacks on the metrication programme.

The success of the metrication programme, he said, depended on co-operation on all sides, and it was clearly impossible for the Government to proceed against a background of hostility.

He therefore asked the groups urgently to let him know if they still supported the programme, with cut-off date orders for use of imperial measures based on the agreed timetable: or if they preferred no such legislation at present.

The choice facing Parliament, he said, was if the imperial units should be left to "wither away in the shops" over a long period or whether the process should follow a definite and prescribed timetable and be brought to an orderly conclusion by the early 1980s.

Britain is irretrievably committed to going metric. What is at issue is the use of statutory cut-off dates for use of imperial measures.

Two Government Orders have recently been bogged down in committee. Mr. Fraser said this resistance had led the Government to ask whether it could still claim to have universal support for metrication.

It had been virtually unanimously accepted that Government had to shoulder responsibility for giving statutory backing to agreed timetables for phasing-out of imperial units in the sectors involved.

But in the light of recent developments he considered it necessary to give all concerned an opportunity to reconsider and restate their positions.

Electronic circuits output 'must double'

BY MAX WILKINSON

FURTHER EFFORTS must be made to improve the competitiveness of electronic integrated circuit manufacture in Britain, an Industrial Strategy Report published to-day says.

The report from the Electronic Components Sector Working Party of the National Economic Development Council says the sector needs to double output by 1980.

This is in order to create a balance of trade surplus of £270m. compared with the present deficit of £170m.

If this happened, import penetration would fall to about 25 per cent.

The working party says, however, that tihs objective is probably over-ambitious.

A series of studies has therefore been undertaken by the Industry Department to look in detail at the prospects of each product range in the industry.

Although the working party had not yet formulated its detailed views on all these product areas, "it will wish to support strongly the views of the Electronics Research Council and the Industry Department that micro-electronics is one of the key technologies for the future.

"It has been estimated that in the 1980s electronics will account for a significant amount of the value of a car.

"It is thus essential that the equipment manufacturers and electronic components industry work together closely to exploit these opportunities."

The sector at present employs about 130,000 people, a figure which will be reduced unless the manufacturers are able substantially to increase output to offset the trend towards automation.

Britain's share of exports among OECD countries remained about 6 per cent. between 1970 and 1975, but the report warns:

"Britain held or increased its share of OECD exports in the three markets which grew at or below the world average rate.

"In the six markets which grew more rapidly than the world average, Britain's share of exports of active components fell."

Contrast

By contrast, the working party says, Japan's share of world trade for the major products in this sector grew from 9.8 per cent. in 1970 to 16 per cent. in 1974.

Fujitsu, with 36,000 employees and 7,000 research and development engineers, mostly working on advanced micro-electronics, is receiving an average £30m. a year in government subsidy.

In the U.K., it is estimated that the components industry has a 30-40 per cent. surplus capacity, but the report says: "Much of this is in non-cost-competitive plant.

"The need to respond to changing patterns of demand means that some of this capacity may not be of the right type.

"The industry will need to reduce the rising share that imports are taking of the U.K. market and to increase the level of exports.

"In many cases, this will involve increasing our capacity to manufacture new or higher technology products in the U.K."

Further efforts needed to be made to establish quality and reliability standards throughout the U.K. components industry.

The main recommendations are that the Industry Department should extend its support for the components industry and especially recognise the importance of micro-electronics.

"In considering future policies towards taxation and remuneration, the Government should give special consideration to the need to attract and retain the right calibre of employees in the manufacturing industry if the Industrial Strategy is to succeed.

"This involves providing proper incentives at all levels through measures that harness the talents of all employees."

NEDO Books, 1, Steel House, 11, Tothill Street London, S.W.1.

Builders criticise land policies

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE future prosperity of the U.K. is being threatened by a series of land planning policies which are "committed to anti-growth," according to hte House-Builders' Federation.

Mr. Colin Shepherd, president of the federation, said in London yesterday that he believed that policies now being incorporated into structure plans represented "an insidious menace" to the nation's economic welfare.

He said: "In area after area, structure plans either have been submitted or are being prepared which reflect the outcome of public participation exercises and the wish fo people to have less growth of all kinds in their area. The total combined effects of these plans will be to prevent, or make very difficult, the investment in new factories, offices and houses the nation requires."

Mr. Shepherd said that because structure plans were regarded as being no more than technical land-use planning documents, people responsible for the industrial strategy at the highest level were apparently unaware of the damage being done by them.

"We have a series of planning policies which are committed to anti-growth, anti-expression and which are pro-conservation as an end in itself rather than as an intelligent part of total strategy. It is those planning policies which will actually determine what can be done because they, not the exhortation and encouragement of Government, provide the stautory framework."

Mr. Shepherd concedede that the construction industry had an interest in a healthy building programme but said that "a negative anti-growth attitude" was now emerging in relation to many sectors which have experienced the fastest growth over the past 20 years.

"These policies are being prepared by planners, encouraged and stimulated by a thoroughly misguided minority of conservationists, who seem to see their role in life as being to turn back the tide of 200 years of industrialism."

Receiving order against Stern

BY MARGARET REID

A RECEIVING order was made in the London Bankruptcy Court yesterday against Mr. William Stern, the former property tycoon whose private business empire collapsed in 1974 with debts of well over £100m.

The petitioning creditor was Keyser Ullmann, the merchant bank, which claimed £20.5m. and which, last December, won a High Court action against Mr. Stern, who was ordered to repay £1.56m.

Keyser Ullmann's petition alleged "non-compliance before January 24 of a bankruptcy order" and was partly based on the earlier Court judgment.

When the judgment was made against Mr. Stern in December, Mr. Derek Wilde, chairman of Keyser Ullmann, said that "as a large sum of money is involved, we feel an obligation to shareholders to make absolutely sure that any money Mr. Stern has is made available to repay these loans."

Legal steps which could lead to a bankruptcy petition against Mr. Stern were also taken last year by the Crown Agents, to whom there is some £40m. owing from Stern companies.

The effect of yesterday's receiving order is to freeze Mr. Stern's assets. There will now be an intensive investigation by the Official Receiver and his staff into why Mr. Stern is in financial difficulties.

American-born Mr. Stern, who was said in the recent Fay Committee's report on the Crown Agents to have given personal guarantees totalling over £100m., was not present at yesterday's private hearing before Mr. Registrar Parbury at the London Bankruptcy Court.

Grocery shop sales over £10bn.

By Our Marketing Editor

TOTAL sales in Britain's grocers last year topped the £10bn. mark for the first time, according to A. C. Nielsen, the market research company. The total, £10.078bn., showed a 16.1 per cent. gain on 1976, when sales were £8.683bn.

Figures are based on total expenditure on all items supplied by grocers—not just trends in packaged groceries which have provided the basis for recent publicity accorded grocery trade movements over the past 12 months as a result of the High Street price war initiated in June by Tesco.

In the wake of Tesco's decision to sever its relationship with Green Shield trading stamps and the drastic price-cutting throughout the trade that followed, last year saw a further substantial improvement in the share of total grocery sales enjoyed by the multiples. Their sales improved by 20.2 per cent. to give them 51.2 per cent. of the total market.

The co-operatives almost held their own with a market share of 13.8 per cent. and a sales gain of 14.5 per cent.

But the independents suffered. Their sales improved by only 11.1 per cent. and their share of the market fell by 1.6 per cent. to 35 per cent.

Whitehall worry as more quit forces over pay

BY MICHAEL DONNE, DEFENCE CORRESPONDENT

CONCERN IS being expressed in Whitehall at the increasing number of men leaving the armed forces because of dissatisfaction over pay.

Coupled with difficulties in recruiting adequate numbers of men of the calibre needed to maintain manpower levels in key technical arms of the forces, these resignations are likely to result in some sections of the army, navy and air force being short of personnel for some time to come, because of the time it takes to train replacements.

Reports in Whitehall suggest that the problem is particularly acute in the army, were applications by officers for premature release are near 1,000, of which about 470 have applied within the past four months.

The full effect of these resignations have not yet been felt, because most officers are required to give six months' notice.

The impending drain of officers comes at a time when the Cabinet is considering the report of the Armed Forces Pay Review Body.

This is believed to recommend pay rises within the Government's guidelines, but coupled with a series of adjustments in special rates for particular trades that will help to redress the imbalance between present forces' pay and the salaries obtainable in civilian life.

The Government's decisions on forces' pay were originally expected to be published this week, but it is understood that in view of the difficulties involved in finding solutions that will not breach the pay code, the results of the pay award may be deferred until next week.

Througout the armed forces, it is agreed that whatever award is made, it will have to be generous to ensure not only that the present rising tide of resignations by officers is stemmed, but also that recruitment is encouraged.

Together with other ranks, the total of Army personnel seeking to quit is expected to reach more than 5,000 for the full 1977-78 financial year.

In the RAF, by March 1, a total of 450 officers were waiting to leave — with the RAF trying to hold on to many of those in highly specialist sectors who will be difficult to replace quickly.

The RAF admitted recently that it was short of officers of the calibre needed to fill many technical posts, especially in the general duties branch which includes aircrew.

The recent introduction of new short-service commissions is intended to fill this gap.

But one of the RAF's biggest problems is that only a small percentage of the recruits coming forward are of the capacity required to fill some of the jobs —for example, as pilots of the modern supersonic jet fighters.

It costs about £500,000 to train a fighter pilot, and takes several years.

● Leaked figures which show a heavy drain of men from the armed forces because of dissatisfaction over levels of pay were probably correct, Mr. James Callaghan, the Prime Minister said in the Commons yesterday.

Pressed by Mrs. Margaret Thatcher, opposition leader, to give the Services a pay settlement above the 10 per cent. guidelines, he said: "I shall not be pushed on this matter any more than any other."

Warning on public sector borrowing

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A WARNING that the public sector borrowing requirement might overshoot this year, instead of undershooting as in the recent past, comes to-day from a former senior Government economist.

This view comes in stockbrokers J. and A. Scrimgeour's quarterly economic review, from Mr. Michael Posner, a former deputy chief economic adviser at the Treasury and now reader in economics at Cambridge.

He says that the official forecasters have knocked about £2bn. off the public expenditure plans —and therefore the borrowing requirement—before drawing up final Budget estimates.

"They have done this because there is in any case a normal shortfall in expenditure and because last year the shortfall was an astonishing £3bn. to £4bn. My own view is that the shortfall for 1978-79 has been exaggerated in the official forecasts, because the initial shock of cash limits has worn off and spending authorities will be allowing their agents to go much nearer ceilings than they have done for the last year or two."

Mr. Posner also referred to the large commitment of the contingency reserve at this stage although he doubted whether any overshoot of the borrowing limit would be large—perhaps £1bn.

Silverware demand falls after Jubilee

AFTER the boom in commemorative silver wares during Jubilee year demand for silver fell back in the first quarter of this year. But demand for gold hallmarked articles remained buoyant reports the Joint Committee of the Assay Offices of Great Britain.

The number of silver articles sent for assay in the first three months of this year, at 2m. items, was 8.3 per cent. less than in the first three months of last year and the weight fell even more sharply by 32 per cent. to 31 tonnes.

However, nearly 4.5m. gold articles were hallmarked, 22.2 per cent. more than in the same period a year ago.

Helicopter deal

British Airways has ordered two of the new US Sikorsky S-76 12-seater helicopters, worth about £2m., bringing to £16m. the investment in new aircraft over the past year by British Airways Helicopters.

Engine record

Rolls-Royce Dart engine yesterday completed its 25th year in airline service, the world's first gas-turbine aero-engine to do so. In that time, more than 6,800 Darts have been sold, worth more than £300m. The original U.K. Government investment in Dart development has already been repaid nearly twice over through levies on the sale of engines and spares, said Rolls-Royce.

Skoda change

Skoda is to introduce modified versions of its Estelle in the U.K. to-day. After criticism of the suspension by the Automobile Association and the Department of Industry late in 1976, the company has made major changes to the suspension and is buying British-made wheels and tyres.

Merger vote

Members of the Hastings and Thanet Building Society voted overwhelmingly in favour of a merger with the Anglia Building Society at their annual meeting yesterday.

More jobs call

The East Midlands Economic Planning Council, in a region with one of the lowest unemployment totals in the country, called yesterday for more radical approaches to tackling the problem. It wanted tax cuts, early retirement, longer holidays and a shorter working week.

Price row

The Electricity Council again criticised the British Gas Corporation for charging its customers too little for their gas. Mr. Ray Orson, a member of the Electricity Council, said yesterday that British Gas was paying less than the market price for its gas supplies, and selling it at much less than the market price.

BBC and ITV join in research

BY ARTHUR SANDLES

AFTER YEARS of argument the BMC and ITV are going to get together for audience research. The two networks have been criticised often for producing widely disparate figures for audience sizes and were urged by the recent Annan report on the future of broadcasting to settle their differences.

From July of next year the BBC will do all radio research and also the qualitative work for television—assessing audience appreciation. ITV will carry out the quantitative research—measuring the actual size of audience.

At the moment, ITV figures are gathered by Audit of Great Britain which is under contract to hte Joint Industrial Committee for Television Audience Research, a television franchise company co-operative. Audit is under a one-year rolling contract which is next due for review this summer. There seems no reason why the present arrangement should not continue but the Audit company task may be changed a little.

The main changes will be geographic since the BBC service areas do not always coincide with ITV franchise territories. A Joint Board is being set up by the BBC and ITV to discuss funding and management of the services.

● The former controller of BBC 1, Mr. Bryan Cowgill, yesterday denied that Thames Television was hi-jacking staff from the BBC by tempting them with offers of huge salaries.

His denial followed last week's claims by Mr. Ian Trethowan, director-general of the BBC, that stars and behind-the-camera staff were being poached by ITV.

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REPORT OF COMMITTEE ON POLICY OPTIMISATION

Open economic analysis urged

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE TREASURY should be more open in its economic analysis with increased public disclosure of both research work and alternative courses of action under discussion, says a report published yesterday.

It says "a strong" and "permanent" research unit should be established within the Treasury with an independent advisory council to oversee its programme.

These proposals have been suggested by the Committee on Policy Optimisation chaired by Professor Jim Ball of the London Business School and consisting of seven other academic economists and researchers.

The committee was set up two years ago by the Treasury to consider the feasibility and value of applying optimal control techniques to economic policy-making. These techniques are concerned with reconciling certain specified goals given a limitation of resources which forces a choice of trade-offs between the goals.

On this specific point, the committee concludes that the application of optimal control to the analysis of economic policy is feasible and is likely to be of value at a working level as a means of testing the properties of economic models.

"We are not, however, able to say that this is the single most important priority in the development of modelling and forecasting practice."

The report ranges far wider than its original terms of reference and discusses the whole basis of Treasury forecasting and economic policy-making.

Commenting at a Press conference yesterday, Professor Ball said that the forecasts which emerged from the Treasury model team were inviolate and there was no evidence that on any occasion they have been referred back even though ministers and senior officials might disagree.

He also said it was wrong to believe the Treasury was monolithic. There was a divergence of viewpoint within just as much as outside, while in recent years there was in the Treasury, as externally, greater uncertainty and a wider stretching of argument.

Forecasts

Professor Ball said it was difficult to distinguish the contribution of Ministers and officials. There was a convergence of view rather than any superimposition of a Treasury position upon Ministers.

The report presents the first detailed recent description of how short-term forecasts are prepared in the Treasury.

The forecasting round—major exercises in January and the early autumn, and usually another in June or July—follows a fairly rigid six-week timetable. This involves the major time of nearly 30 people.

The Treasury's computerised forecasting model of the economy involves about 20 people and has operating and research costs of some £600,000 a year.

Professor Ball noted that the Treasury had only initiated the construction of a model of the economy in 1969 (though it is now on a large scale with 583 equations). He rejected the view that problems were caused by a shortage of economic data, which were just as good, if not better, in the U.K. than elsewhere.

The report contains a comparative discussion of forecasts and concludes that the Treasury's performance has not been demonstrably worse than that of other U.K. forecasters and where forecasts have been poor, as in 1975 and 1976, they have tended to be generally poor. The Treasury model is more closely related to the forecasting and policy-making process than any model in the U.S.

On the specific issue of optimal control, the report notes the difficulty of defining the preferences of policy-makers. Some witnesses suggested that this was an insuperable problem, while others said optimal control theory made it possible to identify a deviation from a desired path and penalise such a departure.

Professor Ball said one of the advantages of this framework would be to force a re-examination of planning horizons since one of the major weaknesses of policy-making has been to look at too short a planning horizon.

He distinguished between the direct benefits of the optimal control approach in conjunction with Ministerial and official decision making, about which the committee was sceptical, and the indirect help at a technical level as a useful tool for those building statistical models.

Professor Ball said yesterday that the committee had considered why it was established at all and suggested that rather than setting up ad hoc committees on technical questions it would be better if the Treasury contained within itself, but open to the outside world, a capability to assess new ideas such as optimal control. He said the committee was unhappy about the present position on research and policy analysis.

Encourage

Consequently, the report calls for the creation of a research unit headed by an Under-Secretary working in parallel with the forecasting and policy analysis divisions, and for the creation of an advisory council with an independent chairman and a majority of members drawn from outside the Treasury to monitor the research programme generally.

"The committee also considers it important that any increased capability for generating alternative policy scenarios should be shared with the general public. Our wish is to encourage developments that will aid the policy-making process; but the results will be to some extent wasted if the opportunity is not taken to reveal to the public the trade-offs and constraints with which Ministers are faced.

"The British approach to budgetary policy and its presentation is a closed system, unlike the more open debate that occurs in the U.S."

Committee on Policy Optimisation, Cmnd 7148, Stationery Office, price £1.85.

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THE PRICE COMMISSION REPORT ON THE BANKS

Way opened for increased charges

BY MICHAEL BLANDEN

THE PRICE Commission's report on the banks published yesterday opens the way for rises in the charges made to customers. The commission concludes after its examination of the money transmission services of the banks that the charges they make are not excessive, and recognises that the banks have suffered a drop in their real return on capital over recent years which meant that profits have not been adequate to maintain their free capital ratios.

These conclusions will be welcome to the banks, which have made a strong case in support of their charging system. They can now be expected to put forward proposals for rises in certain areas, including charges to personal customers, where the present levels do not cover the costs incurred by the banks.

The commission says that it will bear in mind these conclusions "when assessing future price increases notified to it by the four major banks, or applied by other banks exempt from notification."

While accepting the general arguments of the banks, however, the commission has also put forward a number of other suggestions and recommendations affecting charges and other aspects of the banks' operations, some of which will be highly sensitive.

Allowance

They include, as expected, the proposal that the banks should be required to disclose their general provisions for bad and doubtful debts, an area where the banks have so far maintained strict secrecy by stating their profits after these provisions.

Charges should reflect more closely the cost of the service provided and the revenue arising from deposits made by customers: this, it suggests, could be achieved either by paying interest on current accounts or by varying the scale of the allowance made by the banks against charges in relation to funds held in an account.

Another major recommendation is that the banks should try to achieve greater flexibility in their opening hours, where their room for manoeuvre has been restricted by labour agreements.

The Commission said that the Committee of London Clearing Bankers occasionally gives the impression of "behaving like a cartel" and should open up full membership to all substantial retail banking operations.

In the same area, the commission finds that the Bankers' Clearing House which operates the clearing system for cheques is efficient: but it argues that more could be done to avoid the impression that it could be used to restrict competition from newcomers. It proposes that regulation of admission and arbitration on the allocation of costs should be taken over by the Bank of England.

Interest

An important comment is made on the costs which the banks incur in carrying out the function of distributing cash around the country. The costs could be reduced, the commission suggests, by rationalising the distribution networks.

At the same time, however, the report argues that the cost of holding cash should not be carried by the banks at all. The average total of £750m. worth of notes and coin in circulation between the Bank of England and the branches last year was effectively an interest-free loan to the Government, and the Treasury argued that the cost of carrying the cash should be paid by the banks and hence by their customers.

The Commission says: "We do not agree; we think that the provision of notes to the public at large should be a national expense, as many of those who use notes are not themselves customers of the banks."

> 'There should be greater flexibility with regard to opening hours so that retail banking services can be available to the public whenever there is a commercially justifiable demand.'

Improvement

Commenting on the Trustee Savings Banks, which are in the process of developing new services as a third force in banking, the commission finds that they need to improve their constitutional arrangements to fit in with the needs of modern commercial banking.

The National Giro tends to lack the professional skill of the banking sector and though its existence has been a major catalyst in bringing about an improvement in the services of the clearing banks, it has failed as yet to achieve the success in its own right that was hoped for. The Giro will require "continued management attention and Government support" before it can reach the effectiveness of its continental equivalents.

The commission found that the U.K. was still largely a cash-orientated society, with 94 per cent of all debts over 50p being settled in cash and the cheque being by far the most important method for the rest.

The report follows a detailed examination of the charges made by the banks for their money transmission services — the handling of cash, cheques and other forms of payment — in the context of the overall activities of the 17 banks covered. The analysis has been based largely on the four major London clearing banks, which account for 79 per cent. of current account deposits.

The examination was announced last September, and the commission's conclusions are as follows.

PWE conclude that the charges for money transmission services made by the banks subject to our examination are not excessive. After taking account of imputed income from the balances which these services attract and sustain, the surplus from the money transmission activity has declined.

It is impossible to identify precisely the capital employed in the provision of money transmission services, since the same capital is used to protect the depositor, for whom the services are performed and whose deposits provide funds for lending, and to support a loan portfolio at an acceptable level of risk. Return on capital can, therefore, only be calculated for the business as a whole. On this basis, inflation-adjusted figures show a sharp fall between 1972 and 1977. Profits have been inadequate to maintain free capital.

Since charges for money transmission services form a small proportion of the total income of banks, and in particular of the four major London clearing banks, increases in such charges cannot be relied on alone to restore bank profits. The major burden must inevitably fall on lending, international activities and ancillary services which are beyond the scope of this study.

The case for raising the general level of charges for money transmission services can only be properly sustained if it is linked to the expectation of low short-term sterling interest rates. While London inter-bank offered rate (LIBOR) was high, as in 1975 and 1976, the costs of these services were amply covered by imputed income from deposits. At the time of writing, with LIBOR around 6¾ per cent. the result for the banks cannot be better than neutral. Should LIBOR decline further a deficit will open up.

Negotiate

Having formed the view that money transmission charges are, taken as a whole, not excessive, we have considered whether charges are fair as between different classes of customer.

So far as corporate customers are concerned we find that larger businesses can negotiate with the banks to ensure that their charges reflect the services provided and the value of funds deposited. Smaller corporate customers may not be able to negotiate so successfully and to that extent may find themselves in the same position as personal customers.

In the personal sector, which accounts for about 50 per cent. of current account deposits with the major London Clearers and provides 23 per cent. of their money transmission revenues after taking account of notional allowances, one customer's account may subsidise another's. To some extent this is attributable to the necessary simplification introduced by standard tariffs. This simplification has certain advantages. Customers can more easily and quickly estimate the charges they will have to pay and to compare tariffs between banks.

Savings

On the other hand standard tariffs conceal from the personal account customer the true cost of the service with which he is being provided. We do not find the degree of cross-subsidisation between personal account customers caused by the simplified personal tariffs is objectionable save in one respect.

The exception relates to the notional allowance for balances on current account. To the extent that a customer leaves a balance above the minimum he subsidises the charge made to other customers by the value of the funds in question for which he is not reimbursed.

We conclude that in future, if net money transmission revenue is to be increased, charges *should reflect more closely the* cost of the service provided and fuller credit should be given for the income that arises to the banks from investing the deposit. The latter could be achieved in two ways:

● Interest could be paid on current accounts. We recognise that to do so might involve significant compensatory increases in money transmission charges for particular classes of customer, and that such a change would benefit those with large current account balances at the expense of those with minimal balances. Furthermore, customers with larger balances would have to pay tax on the interest they would receive, while customers with smaller balances might prefer not to use the banking system at all which would reduce money transmission volumes and increase average costs per transaction.

● The scale of abatement of charges could be linked to broad movements in short-term interest rates as well as to average balances. Abatements are not subject to tax and this arrangement would, therefore, have no disadvantageous tax effects for higher income earners, although it would have fewer visible attractions for low-rate taxpayers.

Terry Kirk

Mr. Charles Williams, Commission chairman, introducing the report yesterday.

> 'Charges should reflect more closely the cost of the service provided and the revenue arising from deposits made by customers.'

There is no reason here to choose betwen the two methods. Indeed it is part of competitive banking that one bank might adopt one method and one another or a mixture of both. The aim of any system should be to allow the customer to identify and ultimately relate to costs the charges for services that a bank is rendering to him (money transmission) and to be rewarded for the service he is rendering to the bank (depositing money).

In this connection we note that the practice of the Trustee Savings Banks by which transmission charges on interest-bearing deposit accounts are higher than charges on current accounts does not provide a parallel. The cross-subsidisation in the TSBs charging policy exists to wean their customers from the expensive pass-book system of recording entries on deposit accounts and is designed to improve operating efficiency.

We note that competition in the provision of money transmission services has increased since the report of the National Board for Prices and Incomes in 1967, but it is still imperfect.

We are satisfied that in most respects money transmission services offered by the banks compare favourably in efficiency with their counterparts in other countries.

Competitive

In order to promote competition between the banks and further operating efficiency, we suggest that:

● All agreements relating to jointly negotiated tariffs and joint working arrangements should be brought before the Restrictive Practices Court as soon as possible in order that the public interest may be tested.

● The exemption from registration of the cartel agreements of the Irish Banks should be removed in relation to their operations in the United Kingdom.

● The Treasury should satisfy itself that Government departments are complying with the requirement to obtain competitive quotations for money transmission services, which we believe to be incompatible with jointly negotiated tariffs.

● The Bank of England, using its powers under the Bank of England Act 1946, should regulate conditions of membership of the Banker's Clearing House and the allocation of costs between members.

● Tariffs for smaller businesses should be published in the same way as tariffs for personal customers.

● Consultations should take place between the Department of Trade and the banks with a view to requiring disclosure of general provisions for bad and doubtful debts and movements in those provisions.

● The Trustee Savings Banks' constitutional arrangements should be reviewed by the Treasury to allow closer links between the banks and hence a more effective presence in retail banking.

● There should be greater flexibility with regard to opening hours so that retail banking services can be available to the public whenever there is a commercially justifiable demand.

There are two further matters to which attention should be given; these require further study and consultation:—

● We acknowledge that the Committee of London Clearing Bankers has in general taken a responsible line in representing retail banking but any tendency in the direction of a cartel would be moderated were full membership of the CLCB to be opened to all substantial retail banking institutions.

● The cash distribution arrangements in England and Wales are capable of rationalisation in two respects—unification of the distribution networks and reduction in the cost of holding the stock of notes and coin. The banks should no longer have to bear the interest cost of the cash in the course of distribution from the Bank of England to the public. This change together with the rationalisation of distribution networks, could lead to significant savings in the cost of money transmission. Any savings so achieved should be applied in reducing money transmission charges.

The Commission will bear in mind the conclusions it has reached in this examination when assessing future price increases notified to it by the four major clearing banks, or applied by other banks exempt from notification.'

Banks: Charges for Money Transmission Services, Price Commission; House of Commons Paper 337; SO; 51 pages, £1.10.

RATIO OF FREE CAPITAL TO DEPOSITS WITH AND WITHOUT NEW EQUITY AND LOAN STOCK ISSUES—ON A GROUP BASIS
(4 major London Clearers)

Year		1972	1973	1974	1975	1976	1977
Ratio of Free Capital to Deposits with new issues	%	3.2	3.0	2.5	2.6	3.1	3.0
Ratio of Free Capital to Deposits without new issues	%	3.1	2.4	1.8	1.6	1.5	1.3
Additional Capital Raised during the year	£m.	28	192	100	154	400	204

RETURN ON CAPITAL ADJUSTED FOR INFLATION
(4 major London Clearers)

1972	1973	1974	1975	1976	1977
8.7%	8.4%	−1.3%	−4.7%	3.0%	2.5%

Source: Price Commission Survey

TARIFFS FOR PERSONAL ACCOUNTS

	Minimum balance for 'free' banking	Charge per debit if balance below minimum	Notional interest	Minimum charges waived (per half year)
Barclays	£100 minimum or £200 average	10p	5%	15p
Lloyds	£150 average	9p	4%	25p
Midland	£50	9p	5%	25p
National Westminster	£50	10p	5%	25p
Bank of Scotland	£50	8p	—	30p
Clydesdale	Nil	7p	5%	25p
Royal Bank of Scotland	£50	8p	5%	25p
Allied Irish				
British Branches	Nil	10p	—	50p
Nthn. Irish Branches	£50	5p	—	50p
Bank of Ireland				
British Branches	£100	7p	—	—
Nthn. Irish Branches	£50	5p	—	50p
Northern	£50	5p	—	50p
Ulster	£50	5p	—	50p
Coutts	£500 average	£30 per year	—	—
Williams & Glyn's	£50	*	5%	20p
Yorkshire	£50	9p	4%	25p
Co-operative	Nil	9p	—	25p
Trustee Savings Banks	£50	2½p	—	—

* Williams and Glyn's charge 6p for automated transactions and [illegible] otherwise.

Source: Price Commission Survey

PARLIAMENT AND POLITICS

Owen warns Patriotic Front over election outcome

Rhodesia poll boycott 'would not deter U.K. acceptance'

BY IVOR OWEN, PARLIAMENTARY STAFF

LEADERS OF the Patriotic Front were given a clear warning by Dr. David Owen, Foreign Secretary, in the Commons yesterday that if they boycott fair and free elections, Britain will *not be deterred from* accepting the result should it reflect approval by *the people of* Rhodesia as a whole, for the internal settlement.

He admitted that elections without the participation of the Patriotic Front, especially if fighting were taking place, would involve *Britain* in a difficult judgment. But to hold that it was *impossible to submit the* Salisbury agreement to an acceptability test in *such* circumstances would be to give the Patriotic Front a power of veto.

Dr. Owen, reporting to MPs soon after returning from Rhodesia, claimed that despite the major differences between the Patriotic Front leaders and Mr. Ian Smith and the African leaders associated with the Salisbury agreement, there were some hopeful signs.

These, he suggested, could widen the *areas of agreement* in two important ways, both crucial to the establishment of a neutral administration for a transitional *period* which would be capable of holding fair and free elections.

In the first place, the Patriotic Front was now closer to accepting a role for the United Nations in supervising a previously negotiated ceasefire and in monitoring the activities of the military and police forces.

There was also more understanding in Salisbury that UN involvement gave an assurance that sanctions would be lifted prior to independence.

Secondly, all would probably now agree to a council with wide executive and legislative powers whose members would hold Ministerial portfolios.

The Patriotic Front had stated that provided their other demands (some of which were unacceptable to Britain) were met, they would accept a council presided over by a resident commissioner holding reserve executive powers over defence and law and order.

Dr. Owen spelled out his warning to the Patriotic Front of the dangers of an election boycott in reply to Mr. Reginald Maulding (C., Chipping Barnet), former shadow Foreign Secretary, who called for an assurance that should fair and free elections produce a result which confirmed the Salisbury agreement the British *Government* would uphold it "come hell or high water."

Dr. Owen replied: "The short answer is yes."

He added that if fair and free elections produced a result which satisfied the Commons that the fifth principle — that any settlement must be acceptable to the people of Rhodesia as a whole — had been met, and there was a transfer of power and an independence constitution and a new government, a *difficult decision would have to* be made.

But *the Foreign Secretary* believed that the House would *have to remain true to the fifth* principle to which it had held through thick and thin.

The difficulties *involved* in such a judgment were underlined by *Mr. Andrew Faulds* (Lab. Warley E.), who asked how the *Foreign Secretary would be able* to defend the outcome of any election in Rhodesia *in which all* the African political parties had not campaigned.

Dr. Owen agreed that an extremely difficult judgment would be involved. But he had always believed that, if a veto were given to any one of the parties in the Rhodesian dispute, a peaceful settlement could never be achieved.

Britain and the U.S. were seeking to secure a neutral admini*stration which could hold fair* and free elections without armed conflict, *so that the test of* acceptability could take place in the best possible conditions.

But to say that it was impossible to hold the acceptability test without such conditions would *simply* be to give a veto to the people who continued fighting.

Dr. Owen contended that most people in the Patriotic Front wanted a fair and acceptable settlement. A statement by Mr. Robert Mugabe that he would like to see Rhodesia become a one-party *Marxist state* was "extremely ill advised."

But advocacy of a one-party Marxist state should not of itself be a barrier to free and fair elections, since anybody who campaigned on that basis would have little support from either the black or white population in Rhodesia.

Mr. Frank Hooley (Lab. Heeley) asked: "What are the prospects of getting rid of Smith?"

Dr. Owen answered. "Not, at *the moment*, very high."

While acknowledging that Mr. Smith accepted that he would lose power when fair and free elections were held, the Foreign Secretary added: "I have no doubt that if, during the transitional period, *he were to cease* to be Premier—although he is *part of the four-man council*, that is how he is still described in *Rhodesia—and if he were to* leave public life, it would certainly lessen a lot of suspicion and hostility that exists in Africa."

Thatcher pressed on unions report

By Philip Rawstorne

MR. JAMES CALLAGHAN yesterday challenged Mrs. Margaret Thatcher to publish a secret *report prepared for the* Tory leader on the handling of any major confrontation between a future Tory Government and the unions.

Publication could avoid "any sinister implications being drawn," the *Prime Minister* said in the Commons.

The report, drawn up by a group of party advisers under Lord Carrington, was submitted to Mrs. Thatcher after an 18-month examination of the Heath Government's conflict with the miners in 1974.

It is understood to advise the Tory leader that a future Tory Government could not win a full-scale battle with the unions and could not use the Army to break major strikes.

Its general message was that confrontation *should* be avoided but that greater priority should *be given to the preparation of* contingency plans for dealing *with civil emergencies.*

In the Commons, Mr. Bryan Davies (Lab., Enfield N.) said it was "*sinister*" that the Tories should be devoting their efforts towards a special planning unit aimed at defeating the *unions* in any confrontation.

Mr. Callaghan replied: "I do not know whether *their attitude* is sinister or naive. I do know *they do not* understand the unions."

Amid laughter, Mr. Norman Tebbit (C. Chingford) suggested that the Prime Minister might share some of the expertise he had acquired in using troops to break the firemen's strike.

Mr. Callaghan retorted that he would be happy to hold a seminar. "The Conservative Party tends, in dealing with the unions, to be aggressive when it should be accommodating, and to be timid when it should be bold," he said.

Mr. Denis Healey, Chancellor *of the Exchequer, also called* yesterday for a full public statement on the report. The Carrington committee appeared to have been trying "to organise revenge for the last Conservative Government's defeat by the miners," he said.

Mr. Moss Evans, general secretary of the Transport Workers', said yesterday that the Conservatives appeared to be adopting "*a* negative approach" to the unions.

Mrs. Thatcher said yesterday *that it was unlikely that the* report would be published. "The committee was set up to see if we could learn anything from the 1974 emergency," she added. And "such lessons as there are" had been learned.

MP claims Civil Service head sided with Heath over miners

BY RUPERT CORNWELL, LOBBY STAFF

THE WORSENING relations between Parliament and the Civil Service were dramatically illustrated last night as backbench MPs clashed repeatedly with a Cabinet Minister and top *officials over the Government's* apparent refusal to embark on *major reform of the Whitehall* machine.

*The disputes came at an explo*sive session of the Commons Expenditure Committee, which last year issued a wide-ranging report on the Civil Service.

The hearing was highlighted by an astonishing attack by a leading Left-wing member of the committee on political involvement and conspiratorial secrecy in the topmost reaches *of Whitehall.*

The committee, chaired by Mr. *Michael English, MP*, was examining Lord Peart, the Cabinet Minister responsible for the Civil Service, Sir Ian Bancroft, head of the Home Civil Service, and Sir Anthony Rawlinson, Second Permanent Secretary at the Treasury, on the *Government's cool reply to its* recommendations.

Mr. Brian Sedgemore, *Parlia*mentary private secretary to Mr. Anthony Wedgwood Benn, Energy Secretary, specifically accused the then head of the Civil Service of siding with Mr. Edward Heath and his Conservative administration during the miners' crisis in 1973-74.

Mr. Sedgemore said that Lord Armstrong, who held the post before becoming chairman of the Midland Bank, had advised the *former Tory Prime Minister on* the timing of the February, 1974 election. *Civil servants were* supposed to be apolitical. But "was anything more political than this?" he asked.

He then criticised Sir Anthony Part and Sir Peter Carey, top civil servants at the Industry Department when Mr. Benn was Secretary of State there after Labour had returned to office.

*The charges were coldly re*jected by Sir Ian, who insisted *he would never advise a Prime* Minister on political matters. He strongly deprecated the charges levelled at his colleagues, and dismissed the allegation that Whitehall's Permanent Secretaries "took their tone" from the head of the Civil Service.

Despite efforts to calm proceedings, Mr. Sedgemore went on to accuse Ministers and civil *servants of flouting the prin*ciple of "open government" and *of holding key meetings where*, on occasion, even most of the Cabinet was in the dark.

A case in point was the tiny group which decided to allow sterling to float last autumn. "Wasn't that cabal politics?" he demanded.

Lord Peart would not comment on the specific instance, but rejected any *suggestion of a* "conspiracy" theory.

The mood of confrontation dominated the hearing, ironically the first-ever Select Committee session to be recorded under the new provision for radio broadcasting of Parliament. The MPs attacked the Government for its dismissal of proposals to modify Civil Service recruitment and training.

Mr. John Garrett, Labour MP *for Norwich S.* described the Whitehall system as "perpetuating a mandarin class . . . of turning Oxbridge historians into Crown Princes."

A dispute also flared over the role of the Comptroller and Auditor General whom MPs consider as constitutionally responsible to Parliament and thus a key figure in the plans emerging to strengthen scrutiny of departmental spending.

The Government, in its reply, observed that the Comptroller and *Auditor General should not* be subject to direction from any quarter.

Pressure for Wales Bill vote

BY IVOR OWEN

THE *GOVERNMENT* came under mounting pressure in the Commons last night to ensure *that MPs are able to vote to-day* on an amendment to the Wales Bill seeking to impose the con*dition that 40 per cent. of the* Welsh electorate must vote "Yes" in the devolution referendum before a Welsh Assembly is established in Cardiff.

Fears were expressed from both sides of the House that the backbench amendment embodying the 40 per cent. requirement —identical to that inserted in the Scotland Bill against the wishes of the Government — might not be debated as a result of the operation of the guillotine, curtailing debate on the Bill.

But a suggestion by Mr. Leo Abse (Lab., Pontypool) that Welsh Nationalist MPs were *engaged in a procedural con*spiracy to prevent the 40 per cent. issue being considered was dismissed by Sir Myer Galpern, deputy chairman.

Mr. John Smith, Minister of State, Privy Council office, promised that the Government would give careful consideration to suggestions that Ministers should make procedural arrange*ments to ensure that* a vote could take place on the amendment.

Penalty on fare dodgers agreed

A TORY proposal to write into *the Transport Bill now going* through Parliament new penalties for bus passengers going on journeys longer than those for which they had paid was accepted by the Government yesterday.

False child tax claims 'significant'

FALSE CLAIMS for child tax allowances for children overseas are continuing at a "significant level." Mr. Robert Sheldon, Financial Secretary to the Treasury, told the Commons in a written answer last night.

Mr. Sheldon said the special *rate of child tax allowance for* the parents of certain children living abroad would continue for the time being, and claims would continue to be subject to verification by the Inland Revenue.

In 1968, the Public Accounts *Committee* reported on the Inland Revenue survey of claims for personal allowances by immigrants from the Indian sub-continent, which suggested that over one-half of those claims were false. No *further* survey had been undertaken since then.

"But the Inland Revenue's experience of the birth and marriage certificates subsequently checked, and of cases *investigated, indicates that false* claims have continued at a significant level, although at a lower level than was shown by the 1968 report.

In the last two years around one-third of certificates in support of claims for children living abroad, which had been examined by the Inland Revenue have been *found* to be unacceptable," Mr. Sheldon said.

Ministers rescue child pornography Bill

BY RICHARD EVANS, LOBBY EDITOR

THE BILL designed to tighten up the law against child pornography is to be rescued by the Government in the Commons to-night following its procedural obstruction last Friday by Mr. Ian Mikardo, the Labour Left-winger.

After *discussions* between Ministers and MPs to decide on the best means of saving the Child Protection Bill, which has all-party support, the Government tabled an order for debate to-night containing the remaining stages of the Bill.

There is unlikely to be any opposition to the move and the *Bill*, sponsored by Mr. Cyril Townsend, Conservative MP for Bexleyheath, is expected to go through "on the nod" and to be amended, if necessary, in the Lords.

The Bill was blocked by Mr. Mikardo, following alleged filibustering by Conservative MPs on a Bill to extend trade union powers, brought in by Mr. Ted Fletcher, another Left-winger. In a statement last night, Mr. Mikardo announced that he fully supported the Government move on the Child Protection Bill.

LAMBETH CENTRAL BY-ELECTION

Jobs and homes count more than colour

BY RUPERT CORNWELL

IT IS half past ten in the morning and the politics of joy arrive in Strathleven Road, S.W.2. Like a high decibel ice cream van, the Conservative campaign minibus sweeps around the corner. It stops and the music gives way to the traditional voice-over: "Meet Jerry Hanley, Lambeth Central's next MP. A big man for a big job."

And there he is, the star of the show, all 6 feet 4 inches of him, bounding down the street, meeting anyone who can be found. It often takes too long for the well-drilled support team. "Where's Jerry got to now?" asks an anxious lady helper, only *to smile with relief as he* emerges from one of his would-be constituent's *front rooms.*

It could hardly be more of a contrast with the almost unrelieved grimness of the place, even on a rare sunny day. But if Jerry Hanley seems to draw extra enthusiasm from the squalor on every side, then well he might. For it is discontent *with the appalling state* into which much of Brixton has been *allowed to drift, with Labour* at the helm locally for 38 of the last 41 years, that offers him hope. Much more than the ballyhooed immigration issue, it is this urban decay, and with it the loss of homes and jobs, that is at *the heart of the by-election* campaign to find a successor to the late Marcus Lipton, Labour MP for Lambeth Central since 1945.

Off Strathleven Road, the point is graphically illustrated. It is the ultimate Brixton non-place. Great gaps have been torn *in the once-tidy terraces of* houses and someone has even *ripped down the street name* signs. But there are a few outposts of human life in the expanse of crumbling brick, smashed panes and corrugated iron, and the irrepressible Mr. Hanley tracks them down.

A pensioner warily comes to his door, but is soon unburdening his mind. "I spent 30 years on London Transport. I've been *Labour all my life*, but when you've seen this happen . . ." and he gestures at the derelict house opposite.

Almost certainly, this resentment will not be enough to produce a Tory win. For Labour to lose one of its inner city strongholds would be preposterous, and if it did, *Mr. Callaghan would* be wishing he could delay the *general election until the year* 2000. Like the late Hubert Hum*phrey*, in the U.S., the original Happy Warrior, Jerry Hanley will have to make do with second place—but probably close enough behind to make it clear to the Government that an early election is not on.

His campaign has gathered weight noticeably since a rather hesitant start a fortnight ago—even if he has lost some (a stone, to be precise) during the unending gallop. He is the 32-year-old son of Jimmy Hanley, of "Jim's Inn" and B-movie fame—and with the little old ladies, that *sort of connection pays.* "I'm a sympathetic soul." says Hanley with disarming immodesty, "and my father helps. I look like my father, I sound like him, and people feel good about me." And indeed, they seem to.

None of this has been lost on John Tilley, the Labour candidate, who, *on any reasonable* assessment, will be taking his seat in the Commons next week. His campaign has been low key, in keeping with the man, but no less assiduous for that, and the procession of Cabinet heavyweights, wheeled into the constituency shows Labour's concern *to do well and keep up the* momentum of Garscadden. But *the danger signs are there.*

No one knows just how much of the handsome 8,677 majority bequeathed by Lipton was a personal tribute to his immense popularity. A local squire, he has been called, who could appeal beyond the normal bounds of his party. Then there are the five far-Left candidates among the record 11 contenders, all of whom will nibble away Labour votes.

The choice is enough to satisfy *even the most jaded revolu*tionary palate, and two of them, *Tony Bogues*, of the *Socialist* Workers Party, and Corin Redgrave, star of stage, screen and the Workers Revolutionary Party, are comfortably ahead in the poster *war*. Apart from last Saturday's turmoil and 34 arrests, the *National Front* is little in evidence. But a similarly unobtrusive campaign saw it into third place in last year's Greater London Council poll, ahead of the Liberals, who are determined to ensure that the same thing *does* not happen again.

The party has mounted a big effort to hang on to the 12.5 per cent. of the vote it won in October, 1974. Its organisation is good, and the candidate, David Blunt, impressive and bolstered by the backing of some West Indian groups. But this is not Liberalism's most glorious hour, and some party strategists *wonder if Blunt has been pro*perly projected. On the doorstep, too, there is evidence of the 1974 Liberal becoming a 1978 Conservative.

The greatest mystery is what —if anything—the 25 or 30 per cent. of Brixton voters who are black decide to do to-morrow. Jerry Hanley insists that half of those who turn out will vote Tory, the Liberals reckon they now have a useful bridgehead in the West Indian community, while Labour hopes that old loyalties *will prevail. More likely is that* most immigrants will simply stay at home. At the last general election, the total poll was under 53 per cent. and already a fifth of those on the latest register are said to have moved.

OCTOBER 1974 ELECTION

M. Lipton (Lab.)	15,381 (60.0%)
N. Lyell (Con.)	6,704 (26.2%)
P. Easton (Lib.)	3,211 (12.5%)
S. Smart (WRP)	233 (0.9%)
P. Bratton (Marx-Len.)	88 (0.3%)

Labour majority 8,677 (33.9%)

Electorate 48,722

Turnout 52.6 per cent.

LABOUR NEWS

Court action threatened by London newsagents

BY MAX WILKINSON

LONDON NEWSAGENTS who were deprived of millions of copies of national newspapers because of the recent delivery workers' dispute intend to take High Court action if regular supplies are again disrupted.

The newsagents fear that there may be further interruption of supplies on Sunday if talks involving newspaper wholesalers, and the Society of Graphical and Allied Trades fail to produce a permanent solution to the dispute, over payments for late shifts.

Newsagents' representatives yesterday sent a letter to the Prime Minister asking him to help end the "anarchy" which, they said, threatened the newspaper industry. They are also planning a demonstration march through Fleet Street *if supplies* are again disrupted.

Legal *action would be taken* against the wholesale employers in an attempt to restore normal supplies.

Mr. John Shorrock, president of the National Federation of Retail Newsagents, told a meeting in London yesterday that the threat of an injunction against "our *friends the wholesalers*" had been issued reluctantly. But the federation believed *it had no* alternative because SOGAT, the cause of the disruption, was "above the law" and immune from legal action.

The letter to Mr. Callaghan says: "It would appear that successive government policies, although well intentioned, have allowed a militant minority to create a situation whereby the *whole* industry is put in jeopardy.

"We ask you, the Prime Minister, to use your influence in order that the freedom of the Press and the uninterrupted supply *of newspapers may* continue without hindrance in future."

Mr. Shorrock told the meeting that a *court action* against wholesalers might help to "lift the lid" off the malpractices in the industry.

"I believe that we have a degree of anarchy in the print world which could be very, very *serious for the future.* Somehow it must come into the open," he said.

● An unofficial strike by machine room workers will prevent publication of Reveille this week—the third time in nine weeks that the weekly newspaper has not appeared.

Reveille, which has a weekly circulation of over 0.5m., is published by Mirror Group Newspapers. The Mirror group said the strike—by 23 machine room workers belonging to the National Graphical Association—followed the company's rejection *of a claim for new technology* payments.

AUEW postpones decision on Speke

BY OUR LABOUR CORRESPONDENT

A DECISION on support for the workers at Leyland's Speke, Merseyside, factory, who are fighting to prevent the closure of the plant next month, was deferred by the Amalgamated *Union of Engineering Workers'* executive yesterday.

The executive will decide its position next Tuesday—the day before all unions in the Confederation of Shipbuilding and Engineering Unions meet to try to determine a common policy on the Speke issue.

Yesterday's *AUEW* decision to wait until next week was taken to allow more time for local officials to provide information.

Another *factor* was the absence of several executive members including Mr. Hugh Scanlon, the union's president, who has been closely involved in the recent industrial problems of Leyland.

Men at Leyland's Horspath, *Oxfordshire*, service and parts depot yesterday withdrew proposed strike action after *being told that the company has sus*pended a decision to dismiss Mr. John Power, a leading AUEW *shop steward.*

Following day-long talks on *Monday, the company announced* that Mr. Power, who was dismissed *following an inquiry* into expense claims, would be suspended on full pay pending the outcome of an appeal. The appeal hearing is expected to continue tomorrow.

● Rover production at Solihull was seriously disrupted yesterday because of a dispute over a new working system by 350 foremen, members of the Associ*ation of Scientific, Technical* and Managerial Staffs.

Journalists back moves for new technology

DELEGATES from the National Union of Journalists yesterday gave a qualified go-ahead to the newspaper industry's computer-based new technology.

They rejected a move which called on journalists to oppose operating the new technology and to hand it to the print unions.

The 350 delegates at the NUJ's annual conference in Whitley Bay backed a wide-ranging motion from the Manchester branch which was based on a report by the unions' technology committee.

It gave the union its first full policy on the new methods.

It said that the NUJ was not seeking to extend journalistic *work into the field of production* at present covered by other unions. But its *local* office branches would be able to negotiate about journalists absorbing work traditionally carried out by another print union.

That, however, would only be possible if that union had agreed to abandon the work.

Miss Katie Doyle, moving the Manchester motion, told delegates that the union was facing a revolution in journalistic methods. She warned of the dangers that could be faced by newspapermen through the use of new technology by news agencies.

She said a computer could bypass vast numbers of workers. It would be possible in a news agency to put out a story which would "*next see the light of* day on a printing plate."

She *urged journalists to be* cautious before agreeing to take over the use of new technology. "If we write a story we are thinking about the facts and the story—you should not have to concentrate on your physical typing."

Miss Doyle referred to the dangers to health that might be caused by operating the new technology. "If somebody is producing a new drug in this country, we demand *it is safe before* it is put on the market," she said.

"What we want here is that *employers prove it will not cause* long-term damage."

Among other policy points adopted by delegates were: Inter-union liaison on monitoring technology proposals, no loss of jobs through natural wastage, a share in the economic benefits to journalists and a cut in hours.

Delegates also decided that a full-time officer of the union should have responsibility for technology.

TUC to press Chancellor for boost to economy

BY RHYS DAVID

THE TUC at its talks with Mr. Denis Healey, the Chancellor, will press the Government for a further stimulus to be injected *into the economy*, said Mr. Len Murray, the general secretary, in Preston, Lancs., yesterday.

Mr. Murray, opening a Government skill centre there, praised Mr. Healey's Budget, which he said had gone a long way toward meeting the TUC's recommendations on taxation, though "not nearly far enough" in terms of the boost needed.

The TUC would press for further direct job creation measures *when it met Mr. Healey.* "If he has other items, such *as pay, to discuss, then* fair enough. The problem facing us is a complex one and we know there are no simple answers, but part of the answer is greater demand and more effective use of resources."

Mr. Murray urged trade unionists to throw their weight *behind the skill-centre concept.* It was understandable, he said, that some people should question whether they should increase facilities for training adults in skills at a time of high unemployment and when jobs for skilled men were scarce.

"Providing facilities far in excess of job prospects would be nonsensical, but it would equally be wrong to deny an unemployed person the opportunity to improve his or her chances of employment.

Even at times like this we have to look to the *future* and create the trained labour force we *shall* need when the upturn in the economy comes. After every previous recession the subsequent recovery has found us short of craftsmen."

Perkins urges workers to vote against sit-in

BY OUR OWN CORRESPONDENT

THE MANAGEMENT of the Perkins Diesel Engine Company at Peterborough yesterday urged their 7,000 production workers to turn up at a meeting called for Friday morning and vote against industrial action.

Shop stewards will be calling for the start of an indefinite sit-in in support of their claim for an extra £12 a week towards pay parity with group workers at the Massey Ferguson plant in Coventry.

The company has offered between £5.61 and £7.12 a week and a newsletter to the men said yesterday: "We are committed to give higher awards whenever possible and a further substantial cash offer cannot be made."

Shop stewards say that the industrial action will go ahead unless the offer is improved, but there are signs that the vote will not get unanimous support.

The company has also announced that 1,200 workers face a four-day lay-off during May because of recession in engines for agricultural machinery. The lay-off had nothing to do with the pay dispute, the company said.

Toolroom men plan campaign

EIGHT THOUSAND *toolroom* engineers in the Coventry and Warwickshire area are starting a wages campaign which may be backed by industrial action.

They want to regain their position at the head of the wage league and to remove a £20 week gap in their own rates a different factories.

Shop stewards representin the toolroom men employed i hundreds of plants in th district will meet in Coventr to agree on a plan of action. Most of the men had a hot reception from their employers on a request to open negotiations for a pay rise.

School work-to-rule soon

BY MICHAEL DIXON

NEARLY 150 schools on Humberside will be affected by a work to rule from Monday because the local education authority has refused to withhold cuts in teacher employment and other schools expenditure.

The National Union of Teachers announced yesterday that 2,000 of its 5,000 members in the area had been asked not to stand-in for colleagues who were absent for more than one day, or to teach classes of more than 30 pupils in secondary schools, 32 in primaries, or 27 very young children.

Union seeks support in effor to put pressure on Claridge's

BY NICK GARNETT, LABOUR STAFF

THE *general secretary of* the General and Municipal Workers' Union, which is fighting for recognition at Claridge's appealed yesterday to the TUC for maximum union pressure against the London hotel.

Mr. David Basnett also has sent letters to unions whose members deal with Claridge's and the Savoy group, to which the hotel belongs, asking them not to cross official picket lines.

Mr. Basnett said in a statement that Claridge's had exhibited "the most primitive attitudes towards industrial relations.

"*It is high time employers* in the hotel and catering *industry* moved into the 20th century." The union's members were simply seeking to negotiate decent wages.

The dispute is over the dismissal of Mr. Richard Elvidge, trainee chef, for alleged incompetence as well as the issue of recognition for *the union.*

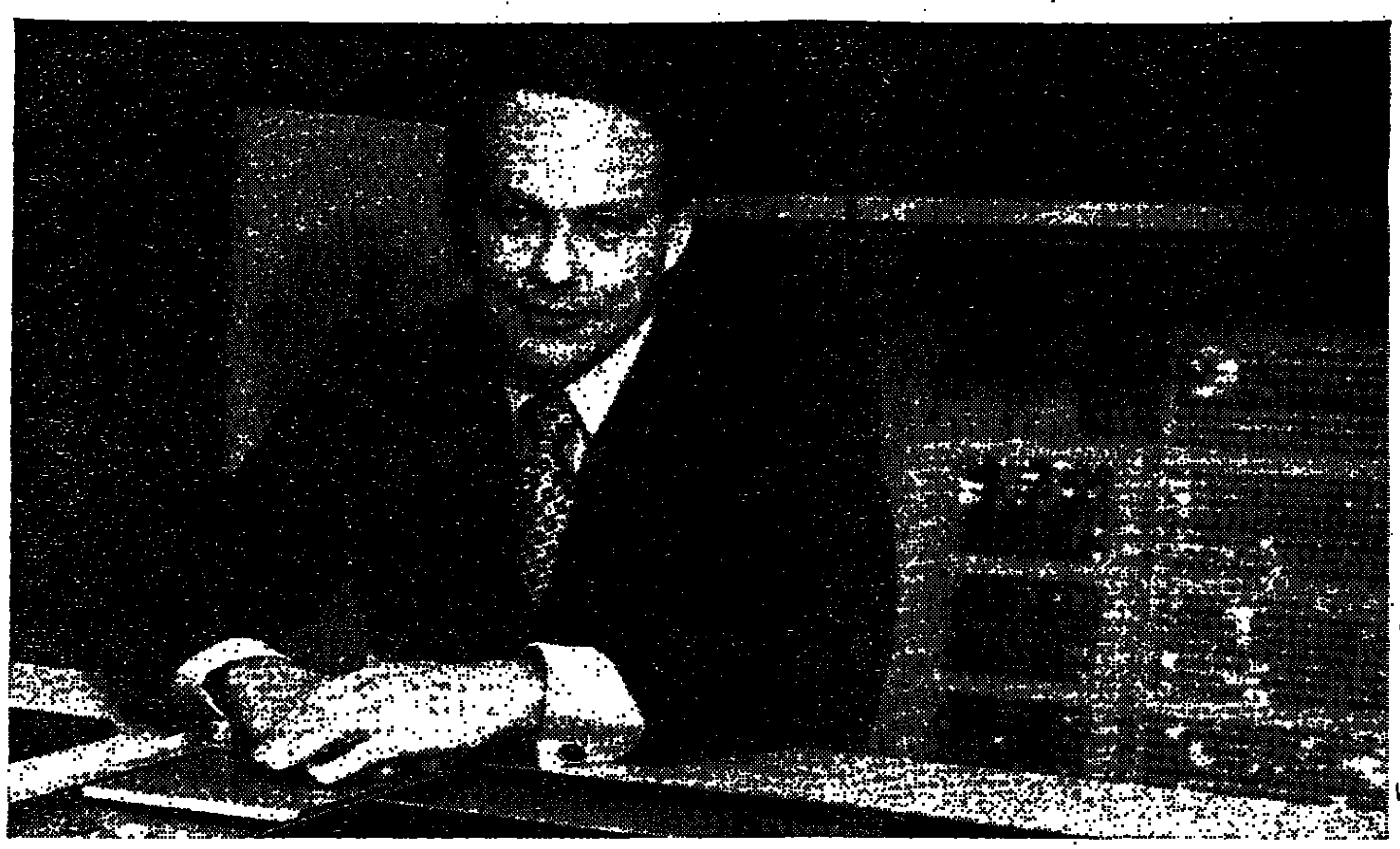
The hotel expects Mr. *Elvidge's case to be heard* shortly by an industrial tribunal. The first stages of the recognition claim under section 11 of the Employment Protection Act are being processed by the Advisory, Conciliation and Arbitration Service.

Claridge's says 112 staff ar on strike. Some deliveries of fuel and supplies have bee turned back by pickets but th hotel said yesterday that it ha enough fuel for the foreseeab future. Menus had been on slightly restricted and mo than three-quarters of the sta were working normally.

The hotel is fully booked b is not offering its normal ran of floor services.

Claridge's said yesterday th Mr. Basnett's statement w "strange and unsatisfactor because of developments wi the industrial tribunal a ACAS.

"NOW'S THE TIME TO GRAB THE BULL BY THE HORNS SO YOU DON'T END UP ON THE TAIL END."



William O'Neil + Company believes we are about to enter a new bull market that will be led by small to medium-sized growth companies. So we feel now is the time to begin buying to take maximum advantage of the coming phase.

We realize that most economists and investment firms are still pessimistic, or at best, guardedly optimistic about the direction of the market.

But back on December 5, 1976, when virtually all economists, Washington officials and the majority of investment firms were positive and optimistic about the market, we were quoted in a major article in *Business Week* as being bearish, and suggesting the sale of basic industry and senior growth stocks.

The events of the last year have proved us to be correct. And we feel confident that the events of the coming year will prove our current calculations to be equally correct.

There are a number of reasons for our bullish outlook.

Looking back at the Crash of '29.

To begin with, the stock market holocaust of 1973-74 was more severe than generally recognized. While the Dow Jones corrected from 1067 to 570, the vast cross-section of the market experienced huge losses averaging 70% to 80% as measured by broad, unweighted market indexes.

We believe this magnitude of decline most closely resembled the 1929-32 collapse which was 89%. When we look at this earlier dislocation, we see that economic and market recoveries made immediately afterwards were slow and short-lived, followed by a downward correction of less serious magnitude in 1934. That was because the serious damage had already occurred and there were no longer the excess demands in the economy or the market. Rampant speculative consumer spending and business over-extension had ceased. This downward correction was then followed by a steady upward recovery.

Looking at the current situation, we followed the 1973-1974 collapse with a short recovery period in 1975-1976. Then, as we predicted in *Business Week*, there followed a downward correction in 1977 that has extended until the present. But as in the recovery period of the early 30's, we expect this current bear market to be milder than the one in 1973-74, and to end this year.

How high will the market go?

William O'Neil + Co. believes the Dow Jones Industrials could hit 1300 over the next 36 months.

This is based on the historical precedence that bull market cycles have recovered 85% to 90% from their low points. On this basis, a low this year anywhere in the 700-736 area would yield a Dow of 1300. And from a Dow level of approximately 750, we believe the risk/reward ratio is 7 to 1 in favor of buying stocks. This is calculated on our estimates that the maximum probable downside risk is 675 (—10%), and the maximum probable upside potential is 1300 (+550 DJIA points or over 70%).

The market is currently undervalued.

Another factor that supports our stand on a new bull market is that stocks are currently cheap and, for the most part, undervalued.

As an example, in 1961 IBM sold for 80 times its annual earnings, and paid a dividend yield of less than ½ of 1%. Today, you can buy it for 12 times earnings, and get a 4.7% dividend to boot.

Furthermore, the price-earnings ratio of the Dow Industrials today is 8 times. The yield is approximately 6%. And the Dow sells below book value. These value levels have only been achieved at a few points in the last 30 years.

Finally, cash rich corporations are taking advantage of the values with large numbers of tender offers for companies.

Sources of demand in the new bull market.

We believe that there is a large potential demand for common stocks that are currently undervalued. The current conservative trend among many institutions has resulted in sizeable cash reserves which represent major potential buying power.

Similarly, individuals have invested in high yield areas that represent another large source of future demand, once interest rates decline.

Finally, foreign investors are an area of demand we expect to see in the future because the U.S. is still the strongest democratic country, and represents one of the world's soundest investment markets.

How to know when we reach the bottom.

There is still the question of when we will reach the bottom of the current bear market, and how it can be recognized. It has been the thesis of William O'Neil + Co. as expounded in a series of investment conferences given last September in New York, Boston, Chicago and San Francisco that the market would not bottom out until there was more fear. This fear would produce the necessary technical shakeout and additional pessimism.

We feel that fear has now occurred.

One index of it is the price of gold, which at near $200 has become a highly speculative and risky commodity.

Earlier this year the non-reappointment of Arthur Burns reinforced concern for the American dollar and our balance of payments deficit in light of our dependence on foreign oil supplies. We feel the new chairman, G. William Miller, will prove to be strong, sound and innovative. And we expect to see an energy program implemented to ease fears about our balance of payments deficit. Furthermore, we think a tax cut this year is inevitable. If this cut is tied directly to an immediate reduction in price and wage increases and to reducing interest rates, it will help arrest our inflationary spiral. And this will help reaffirm confidence in the American dollar.

We feel that once confidence in the dollar is regained, it will shake loose the potential sources of demand for stocks among institutions, foreign investors and eventually individual investors, particularly once the market passes 1100 on the Dow.

Why we say small to medium-sized growth firms will lead the next phase.

Many experts believe the bear market won't be over until secondary stocks break down. We believe this stand is similar to the one technicians took in 1976 when they predicted a third leg up to a 1200 Dow that never occurred.

We believe good secondary companies with continual increases in earnings are not going to break down, but will hold up and actually become leaders in the new bull market. We can look back to 1960 as a recent example of a recessionary year in which secondary stocks failed to break down, and subsequently provided market leadership.

We feel this will be true again in the next cycle, because in the past few cycles major institutions have concentrated heavily in the same high-priced, large capitalization, senior growth stocks that fulfilled "approved list" requirements. Today many of these companies are showing maturing or poor growth in earnings. At the same time, hundreds of smaller and medium-sized companies with innovative new products are showing outstanding growth records, and are selling at cheaper prices.

We believe that in the future more organizations, under pressure from ERISA to cover the "actuarial" requirements of their funds, will look for wider diversification and non-index stocks because these stocks will probably continue to outperform the indexes.

We can see the value in this diversification today when the S & P 500 is stronger than the Dow Jones Average. The NYSE Composite is stronger than the S & P. And the total market itself is stronger than the NYSE Composite. We can also see that the Transportation Index is stronger than the Industrials. And the OTC stocks are performing very well. The American Stock Exchange, overlooked the past few cycles, is near new highs for the year. And Barron's Low Priced Stock Index is equally powerfull. Even the London Stock Exchange has displayed unusual strength, providing an advanced hint that our stock market's next major cycle will be up.

Which categories will be the leaders.

We expect to see many companies that have been overlooked since the 1973-74 credit crunch become prominent again because of their outstanding earnings records. We believe the leaders in the new bull market will be found among hospital and medical stocks, aerospace, airlines and airfreight, hotel stocks, computer peripheral companies, publishing, food franchisers, insurance companies, pollution-control companies, drug companies with new products, contact lens companies, Japanese stocks traded on our market, Canadian Oil companies, private aircraft and dozens of specialty companies with unique products.

Looking back at 1954-68.

If we look back at the bull market cycles from 1954 to 1968, we see that they were led by small to medium-sized companies that, at the time, had exciting new products to market.

1954: Reynolds and other aluminum companies with new light-weight metals. North American Aviation and the aerospace group with I.C.B.M. missiles.
1955: Schering Plough with new drugs.
1956: IBM (4 million shares then outstanding) with the computer age.
1958: MMM with scotch tape products. Polaroid with instant pictures. Rexall with tupperware. Thiokol and General Tire with rocket propellants. Texas Instruments and Fairchild Camera with transistors. Crown Cork & Seal with aerosol cans. American Photocopy with photocopy machines. AMF and Brunswick with automatic pinspotters for bowling.
1961: Great Western Financial and S&L's with higher interest for savers. Mead Johnson with Metrecal.
1963: Kresge with discount stores. Delta and Northwest Airlines with jet travel. Xerox with dry office copiers. Syntex with birth control pills.
1965: Baxter Labs with new hospital lab and test equipment. Simmonds Precision with space computers and electronics. Xtra with freight containerization. Motorola and Magnavox with color TV's.
1967: Duplan with double knit fabrics. McDonalds with fast food franchising. Digital Equipment with mini-computers. Hilton, Holiday Inns and Loews with follow on effect of increased jet travel creating demand for more hotels.
1968: Champion Home Builders and Skyline with mobile homes for low cost housing.

Taking a stand on the new bull market.

At William O'Neil + Co. we believe strongly enough in the coming bull market to remove 50 companies from our Sell List. And our Research Analysts have in the last 60 days visited 40 new companies which are included in the 150 names in the buy section of our "New Stock Market Ideas and Past Leaders to Avoid."

On top of that, we recently purchased our third seat on the NYSE.

But we're also putting our mouth where our money is by running this ad and taking a strong stand on the coming bull market. So if we're wrong we stand to lose more than just money.

We still expect economic news to continue to be poor in the near future. We could continue to see disappointing automobile sales, housing slowing, etc.

But remember that the market started down when people were optimistic, and it will start back up when most people are pessimistic. The market will discount and look ahead 8 to 9 months. By the time economists decide whether or not we are in a recession, the new bull market will be underway. And the biggest profits from any bull market are usually made by those who recognize it first. So those who fail to grab the bull by the horns will wind up on the tail end.

William O'Neil + Co., Inc.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY

Oxygen set for use in mine emergencies

SAFETY in coal mining operations will be considerably enhanced through the National Coal Board's decision to add to its existing emergency equipment a new mine escape unit designed by AGA Spiro in conjunction with its Swedish associate.

Escape apparatus already in use caters for all kinds of emergencies, but has proved unsuitable in a situation where there is a deficiency of oxygen and where men may have to run at maximum speed to escape from an unbreathable atmosphere.

The Mines Rescue Service of the NCB decided to instal at strategic rescue stations apparatus which, in the event of an emergency, would enable the wearer to move from an irrespirable atmosphere to one of safety with maximum speed and a minimum of personal risk attributable to increased respiratory demands.

To provide apparatus which would meet new standards in terms of size and performance, the Mines Rescue Service conducted a feasibility study involving a number of companies. Desirable parameters of the new apparatus were to include lightness and simplicity of design, the latter requirement being of crucial importance to facilitate use of the equipment with a minimum of training. The overriding prerequisite, however, was that the equipment had to be of the self-contained type capable of providing sufficient oxygen at all times and at an acceptable level of inspired air temperature. The apparatus would also have to pass the rigid endurance requirements specified by the Health and Safety Executive.

Fast design

Within six months, AGA Spiro submitted a prototype mine escape set for the appraisal of the National Coal Board. A series of proving trials subsequently took place at the Mines Rescue Station in Doncaster to determine whether or not the apparatus would pass the Health and Safety Executive's endurance tests. It was shown that the high-performance demand valve ensured the automatic release of oxygen in the event of increased respiratory activity, supplementing the constant flow of oxygen from the regulator. The wearer can draw very high flows of oxygen immediately the cylinder valve is opened and still get the 30 minutes duration required.

Wearer trials have taken place at Cynheidre, South Wales, to assess both performance of the escape set and the attitudes of miners wearing the equipment in a simulated working environment.

Men were subjected to peak work load characteristics and then requested to run at maximum speed to an assumed place of safety. They were then given an intensive medical check-up to determine respiratory effects and to locate any physical or other abnormality as a result of wearing the set. Having reconciled these results with the wearer's observations on comfort and ease of breathing, it remained only for minor modifications to be made to meet the exceptionally high standards of safety demanded by the National Coal Board and to implement delivery of an initial 450 mine escape sets.

Lightweight

With lightness and simplicity of use as major design characteristics, the AGA Spiro mine escape set, with the oxygen cylinder fully charged, weighs only 6.5 kg. Having a protective case assembly of anti-static glass fibre-reinforced plastic, the overall dimensions of the set are 430 mm in length, 360 mm in width and 110 mm in depth.

The breathing circuit functions through a mouthpiece which holds inhalation and exhalation non-return valves. Exhaled gas passes through the breathing tube into the exhalation bag. It is then drawn by inhalation through a soda lime filter media into the inhalation bag and delivered cooled to the mouthpiece. The constant flow of oxygen is directed into the demand valve which is connected to the exhalation bag at which point demand supply is also available. The relief valve is placed low down on the breathing bag to enable the apparatus to be used under water. The oxygen cylinder is placed below the breathing bag and fitted with a cylinder valve incorporating a pressure gauge.

Aga Spiro, Divator House, Horton Close, West Drayton, Middlesex UB7 8EB. West Drayton 47771.

● PACKAGING

Wraps from turntable

THE OPENING of a new factory in Hayes, north west London, coincides with Inpac Automation's introduction of its COLT shrink wrap machine.

Handling loads up to 2,500 kilos in weight, two metres high and 1.5 metres square, the machine operates on the spiral wrap principle which allows any size and shape of pallet load to be secured, and allows several wraps to be applied to areas of the load requiring extra stability. Fitted with a round turntable, the machine can be installed flush to the floor for hand pallet truck loading.

The new factory will also be the venue for the production and demonstration of the company's Palletmaster range of pallet stretch wrapping machines and provides ample room for prospective customers to bring lorry loads of their products for wrapping.

More from them at Uxbridge Road, Southall, Middx. 01-574 3673.

● MATERIALS

Hot metals coated

ANTI-CORROSION coatings which can be applied directly on to hot metal exteriors of plant while it is still in operation are to be introduced into the U.K. by the Dampney Company, Everett, Massachusetts, U.S.

The heat-resistant coatings—the Thermalox 260 series—are claimed to provide pin-hole free films when sprayed on surfaces as hot as 300 degrees F. The coatings can be applied to surfaces at ambient as well as elevated temperatures, curing as the equipment begins or resumes operation and passes through the curing temperature range 270 degrees F to 300 degrees F. When applied at ambient temperatures they air-dry to touch within a few hours and can withstand normal contact of personnel and equipment indefinitely until heat-curing takes place.

The coatings are stated to be based on a co-polymerised silicone resin, contain a high level of inhibitive pigment and to be self-priming and highly resistant to creeping under-film corrosion with an unusual property retention of gloss and colour to 500 degrees F.

U.K. agent and distributor is Timeguard Engineering, 3 Church Hill Avenue, Mansfield Woodhouse, Notts. NG19 9JU (0623 640898).

● AUTOMATION

Electronic coin change unit

DELIVERIES of a custom-designed integrated circuit are being made by AMI Microsystems to Mars Money Systems for incorporation in what is believed to be the first universal all-electronic coin changing system for vending machines.

This circuit was designed by AMI in conjunction with engineers from Mars, which has been working on electronics in vending units for several years.

Containing thousands of transistors, the AMI 40-pin MOS circuit incorporates its own microprocessor to keep track of the money calculations and a programmable ROM which allows adaptation of the unit to any monetary system.

The system adapts to multi-price machines and the circuit can be programmed in the factory for any combination of up to 63 prices.

When the customer makes a selection, a binary-coded signal is generated which indicates to the MOS circuit the price of the selection. Additionally, the circuit credits and accumulates the coins deposited, compares this with the price set for the selected item, and signals the vending cycle when the appropriate deposits are made.

If the coin return tubes to make the necessary change are empty, as indicated by a sensor connected to the circuit, the logic will calculate whether the correct change can be produced with available coins. If not, the sale is not made, coins are returned, and an "Exact Change" indicator is lit.

The coin mechanism will have virtually no moving parts and will completely eliminate the rails, fingers, switches, deflectors, motors, cams, flippers, and magnets used in conventional vending machine coin changers.

The changer has electronic coin validation, employing a unique set of three sensing stations wired to the AMI circuit, which determines whether or not the coin is good. The coin validation mechanism is self-calibrating.

The sensing stations consist of three coil-like inductors, embedded in the coin passageway walls. By orienting the three coils differently, the coin's thickness and embossing depth, diameter and composition can be detected. As the coin passes in front of the sensor a frequency shift occurs proportional to the coin's shape and size. The AMI circuit receives this frequency shift information, which usually ranges from 10 to 100 KHz, compares it with stored tolerances and determines validity.

Although other companies have already introduced coin changers in which the coin counting and coin return portions are electronic, the Mars Money Systems all-electronic system represents an important step in the vending machine industry.

More from AMI Microsystems, 108A, Commercial Road, Swindon, Wilts. 0793 31345.

● ELECTRONICS

Small items counted accurately

ACCURATE counting of components is an essential operation in many electronic production processes.

Elite Engineering, maker of component preforming machines and printed circuit board assembly machines, has found a solution to the problem of counting batches of components based on the use of an ultra-sensitive weighing machine.

This machine rapidly senses the unit weight of the components to be counted and displays a numerical count of the batch size.

Although aimed at the electronic component field the machine could be just as useful in many other areas where accurate counting of batches of small items is required.

Elite Engineering, Salterns Lane, Fareham, Hants. 0329 231435.

● POWER

Major study of energy sources

THREE SOLAR energy technologies which promise the highest benefits to society between now and the year 2000 are solar heating, wind and biomass, according to a comparison study of seven solar energy technologies conducted by SRI International for the U.S. Department of Energy (DOE).

After the turn of the century, a fourth system, photovoltaics, could become one of the leaders the report indicated.

Three other technologies — thermal (solar) power, agricultural and industrial process heat, and ocean thermal energy conversion—were judged to have less promise. However, because these systems are in early stages of development, future research findings could enhance their promise.

Wind, considered an indirect solar energy source, showed the most promise of all by the year 2020.

The SRI report, prepared for the solar working group of DOE as an aid in deciding how solar energy research funds should be allocated, made projections for the near term (1985), intermediate (2000), and the long term (2020).

The relative merits of the seven technologies were judged not only on the amount of energy they might produce, but also on environmental qualities, conservation of oil and gas, potential contribution under adverse conditions of energy supply and price, potential for significant research and development breakthroughs, potential for small-scale decentralised systems, and prospects for export.

In the near and intermediate term, highest benefits are from solar heating and cooling of buildings. In the long term, solar heating is surpassed in benefits only by wind, among the technologies considered. This technology is attractive primarily because of its economics. Greatest need in the near term is to promote public acceptance. The most serious research need is for reducing the installed cost of collectors. Solar cooling is still a long way from commercialisation.

Conversion of such residues as those from crops, forests and farming has high benefits in the near term because of its potential energy contribution. However, total contribution will be limited by the quantities available and competing demands for other purposes.

Devices that convert light directly to electricity are currently very expensive, but have promise over the long run in providing peak and intermediate power. They are likely to be dispersed on roof-tops and connected to a central electrical grid. The most important research needs are in new materials and less expensive fabrication processes.

Systems that convert the sun's rays to heat, and convert the heat to electricity would make significant contributions only under conditions of high conventional energy costs. Prospects are not considered bright for major cost reduction in thermal power processes.

Ocean thermal energy conversion uses the temperature variation between warm surface waters and cold deep waters to generate electric power. Its ranking moves up in the intermediate and long term because, under conditions of high non-solar energy prices, it could become a large source of energy. It is unique among the options examined in its ability to provide baseload electricity. Development is made difficult by the high initial cost of large heat exchangers and by uncertain reliability in the marine environment.

SRI International, 333 Ravenswood Avenue, Menlo Park, Cal. 94025, U.S.

● POLLUTION

Destruction of problem waste

ASSIGNED the Davy-Powergas company's patents on fluid-bed incineration technology in 1976, Sterile Disposal Plant is carrying out trials for a number of major EEC chemical companies to prove the ability of the SDP circulating fluidised bed to cope with some of the most difficult industrial wastes. Many of these have not been subjected to thermal destruction before.

As its name suggests, the SPD bed subjects the materials being fed in to an intense rotary action, apart from the constant agitation imposed by the current of fluidising air which keep the bed in suspension. It follows that, when light materials, such as the paper and plastics normally making up part of municipal wastes, are fed into the bed, they do not become entrained with the combustion gases before they can be burned.

The SPD bed does not contain heat extraction pipework—heat is recovered from the flue gases in the second step of the process. Thereafter a number of gas scrubbers, with chemical dosing selected according to the waste being burned, are interposed before discharge of a non-toxic and inoffensive exhaust gas to the atmosphere.

The operation is self-sustaining for materials having calorific value of around 2,000 BTU per lb. Below that, fuel is injected to keep the process going—propane being the indicated hydrocarbon.

The list of materials which can be thermally destroyed includes vehicle tyres (project under way), acrylonitrile waste, cynanide-bearing wastes from various process streams and tetra-ethyl lead sludge among others.

Plant has been demonstrated in operation on low-grade coal and colliery wastes, as well as sewage. The pilot plant was established at Aycliffe, Durham in 1972, followed by a larger unit at Wingate, Durham the year after.

Licences have been granted by SPD to Itoh and Co. and Ebara Manufacturing of Japan, and to Svenska Maskinverken of Sweden.

More from Technical Design International, which negotiates on behalf of SDP, at 5 Beech Grove, Harrowgate 0423 64709.

● INSTRUMENTS

Sensitive searcher

INTENDED for the detection of unexploded ammunition, pipelines, cable junction boxes and shipwrecks, the Ferex 4.021 search instrument from Wells Krautkramer will operate underwater to a depth of 100 metres.

According to the company it can be mounted on the front of a miniature submarine to follow the run of a pipeline or buried cable. Applications might also arise after an avalanche, earthquake or flooding.

Operation by pin-pointing disturbances of the earth's magnetic field caused by the presence of ferromagnetic objects, it indicates a "find" by meter reading or loudspeaker/earpiece, and has an output for a recorder.

The search probe can be assembled as an integral part of the hand-held instrument, or used with a connecting cable for remote operation or under water. Able to detect a tennis-ball sized piece of steel at about one metre, the unit weighs 4.5 kg.

More from Blackhorse Road, Letchworth, Herts SG6 1HF (04626 2644).

● HAND TOOLS

Screws handled easily

VARIABLE speed control, direction reversal and preselectable torque settings are combined in an electric screwdriver—called the DMS1 Electrodriver—from Klippon Electricals, Sheerness, Kent ME12 3AB (07956 3322).

Suggested for production line assembly and installation of electrical terminals, it is sufficiently light for single-handed use (1.35kg.) and is particularly suitable for those operations where fast repetitive insertion and removal of screws is required.

● HEATING

Warm rays from above

A CEILING-MOUNTED radiant heater developed in Norway and put on the Scandinavian market a year ago is offered in the U.K. by Karnrand, 34, Hanbury Street, London, E1 6QR (01-247 7452).

Basic features of the heater are aluminium heating panels radiating low-frequency heating waves, resulting in a short warming up time and high efficiency even at considerable distance. Highest level of installation so far, for example, is 40 feet from the floor with, claims the company, excellent results.

Energy saving qualities are achieved because the heat is radiated down and warms up the occupational zone before any convection brings the air to higher levels, and a given level of comfort can be achieved at a lower air temperature as a result of the radiant effect, than would be the case in convection heating.

● MACHINE TOOLS

Six ways at once

INTENDED to meet demand for a high output, low cost, fully numerically controlled machine, a six-spindle turret unit with tool indexing from tape gives fully automatic machining cycles, thus enabling one operator to look after several such machines.

Simplicity of design ensures quick, uncomplicated tape programming and low cost maintenance. Standard equipment includes automatic central lubrication slideways, flood coolant system, electrical equipment for machine — 200, 380 or 415V, and for NC control—240/1/50 cycles. Various optional NC extras are available.

Model NC19 drilling centre developed by Grimston has a cast iron base supporting a two-axis table with scraped slideways. Two ground vertical columns mounted at the rear of the base carry a Burgmaster 6 spindle turret head and slide (Model 2CF). The head can be manually adjusted on the columns to allow for various component heights. The three axis of the machine are driven by ballscrews and stepping motors. Turret indexing is controlled by the tape and actuated by the spindle motor. A Posidata three-axis NC system (Model 9003 incremental type, open loop system) controls the machine operation.

Standard Z, X and Y axis movement is 200, 610 and 305 mm respectively, larger traverses being available. Spindle nose to table top distance is adjustable between 20 and 601 mm. The table measures 905 by 305 mm and throat depth is 274 mm. Feed rates range 10-3000 mm/min. with 3000 mm/min rapid traverse of each axis. Positioning accuracy along each axis is 0.025 mm per stroke of 315 mm, and repetitive accuracy ± 0.01 mm.

Grimston Machine Tools, Brunswick Road, Ashford, Kent, TN23 1RZ. 0233 22187.

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In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of HERBERT A. H. BEHRENS (U.K.) LIMITED and in the Matter of The Companies Act, 1948.

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No. 001100 of 1978
In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of [illegible] LIMITED and in the Matter of The Companies Act, 1948.

[illegible]

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BOND DRAWINGS

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The Management Page

EDITED BY CHRISTOPHER LORENZ

A novel way to spawn new ventures

BY MAX WILKINSON

ANYBODY WHO believes that the spirit of an entrepreneur must be frozen by the British business climate, should talk to Jack Leonard, managing director of a remarkable young company called Eurotherm which plans to go public later this year.

"The idea that you cannot start up a successful business in the U.K. is rubbish. We have done it, and it is open to others to do the same," he says.

Thirteen years ago Dr. Leonard was the employee of an American owned company selling temperature control units for industrial processes in Britain. Now he is running his own company, which has become the world leader in this somewhat specialist field and has beaten his former employers into second place.

Eurotherm started in May 1965 in a converted stable near Woking, with a capital of £16,000 and four clever engineers. Last year it achieved a profit of £2m. on a turnover of £12m., with 855 employees and 14 subsidiaries throughout the world. About 70 per cent. of its sales come from exports.

One reason for the decision to go public is that the chairman, Mr. Jim Hartnett, one of the four founders of the company and who put up much of the original capital, is nearing retirement, and would therefore like to realise some of his investment. Of the 56 shareholders in the company about half are employees thanks to the policy of issuing shares to senior executives, so as to reinforce their commitment. Mr. Hartnett now holds just over 30 per cent. of the issued share capital.

Eurotherm's decision to go public comes at a key stage in its development—from a small company into medium size, with all the attendant management risks which growth involves.

Since it cannot expand indefinitely with a narrow product range (the world market for temperature control units is only £150m.), it has been forced to diversify—a process which inevitably could have threatened the informality of its management style, which is considered within the company to have been one of its main strengths so far.

It has solved the problem in an original way by allowing new product companies to break off from the parent group and seek their own fortunes, almost in the same way as the original group did when it established Eurotherm.

Dr. Leonard says the new offshoots have been largely taken on by groups of engineers who thought up a new product or group of products. They have been made almost entirely responsible for their own manufacturing, purchasing and marketing, although the main Board authorises each venture and retains ultimate control.

Three new companies have been formed. As if to emphasise their independence, they have all been called after the name of their founders. They are: Chessell Ltd., which makes temperature recorders, Turnbull Control Systems, which makes instrumentation systems, and Shackelton Systems Drives, which makes speed controllers for electric motors.

Freddie Mansfield

Some of the brains behind the products that have made Eurotherm a success—from left to right—G. Witherington, J. Shackelton, J. H. Hartnett (chairman), B. Chessell, Dr. G. Turnbull and Dr. G. Roberts.

All these new companies are under the financial control of a holding company, Eurotherm International, but the control is exercised very loosely. For example, the group has no formal central purchasing arrangement, although the companies co-operate in a "family spirit."

Similarly no attempt has been made to share salesmen, so that each company is responsible for employing its own people. This strategy follows directly from Dr. Leonard's belief that the best way to sell this kind of product is to employ high-quality engineers as salesmen, who can build up an intimate knowledge of the processes of potential customers. He should act as a sort of consultant to advise the customer how their process could be made more efficient with the use of temperature control equipment.

Dr. Leonard says: "All our salesmen are autonomous. They have their own list prices and they are free to make their own decisions on selling without referring to head office. Often it is only by getting into a conversation about general engineering that they can make a sale."

As with most new companies of this type, Eurotherm grew out of a good technical idea. Back in 1965, Dr. Leonard and three colleagues, including Mr. Jim Hartnett, Eurotherm's present chairman, were working for West Instruments of the U.S., when they realised the potential use of the transistor in temperature control equipment.

Up to that time, most temperature control units worked mechanically, with combinations of springs and levers to switch off power when an oven or furness had reached the desired temperature. It became evident that electronic controls would be more efficient and more reliable, but West Instruments was apparently reluctant to allow Dr. Leonard and his colleagues to do the development work in the U.K. So they decided to break away and start up a new company of their own.

At first they employed just one girl, who made only a slow trickle of devices. Since some of the customers they were aiming at were big companies like Tarmac and ICI, it looked like a risky undertaking. But apparently they had few misgivings.

"We knew from the start that we would succeed," Dr. Leonard says. "We knew the business. We knew the market. We knew that we had a good product and we were very enthusiastic."

From an early stage, the company was self financing. Since manufacture of this type of device is an assembly operation, no large capital equipment was needed. All the components were bought in, so that most of the initial capital cost was for test equipment and jigs for mouldings.

For this reason, Dr. Leonard says, the company very quickly became profitable. Sales built up slowly to the first million in 1970, but then increased rapidly. Last year's turnover of £12m. represented an increase of 50 per cent. on the previous year's figure and was almost equal to the whole of the increase in sales during the first 10 years.

During this build-up, great attention was paid to hiring the right sort of people. Dr. Leonard and his colleagues are engineers who like others to "talk the same language." Consequently the company has a high proportion of graduates on its payroll, and a strong bias towards independent-minded people who want to make their own way.

The first new company to spin off from the main enterprise was Chessell, founded by Mr. Brian Chessell in 1972. It set out to make temperature chart recorders starting with a relatively simple but successful instrument, which offered three recording pens in place of the one of their competitors. Recently the company moved up-market with a more sophisticated machine. After five years, Chessell has reached a turnover of £3m. on much the same pattern as Eurotherm, but at a faster rate.

The reason for setting up Chessell as an almost independent company was, in Dr. Leonard's words that "We saw that Eurotherm was successful, and we decided to do the same again. We wanted to get a small group of enthusiastic people together, who would have the responsibility for the the whole thing."

The starting cost of about £50,000 was met by a loan from the parent company, the main part of which was paying the salaries of four people for about six months at the planning stage. After that, sales built up to cover the costs.

The next company to be formed was Shackleton, which is now approaching its first £1m. sales. The newest company of all is Turnbull Control Systems which is in its early stages, with a staff of 93. This company is entering the more ambitious field of supplying fully integrated turn-key systems of instrumentation. In the second year of operation it achieved a turnover of £2m., 70 per cent. of it earned overseas, and is planning on £20m. turnover in ten years' time.

The autonomy given to the U.K. subsidiaries is matched by that given to overseas companies in Germany, France, the U.S., Switzerland, Italy, Hong Kong, Japan and Guernsey. For example, the U.S. managing director may choose whether he wishes to manufacture for himself or to import from the U.K.

Clearly the success of these independent units requires close co-operation with the centre. If the company continues to grow towards £100m. turnover, this may be more difficult.

With this milestone still some way off, for the time being Eurotherm is likely to continue to exploit the successful formula of hiring good engineers and giving them the maximum possible freedom to do their own thing.

EMU—searching for a great leap forward

After Roy Jenkins' speech on Monday, **Peter Riddell** takes a fresh look at the debate on Economic Monetary Union

ONE OF the perennial problems of the EEC has been how to reconcile the increasingly remote aspirations towards closer political and economic ties with the day-to-day work on harmonisation of detailed policies on such matters as VAT or insurance regulations. Nowhere has this dilemma been clearer than in the debate over Economic and Monetary Union (EMU).

EMU has been proposed and discussed for over a decade. Hopes of achieving the goal appeared to have been postponed indefinitely as a result of the sharply differing economic performances of the past few years, and of the widely varying rates of inflation and large fluctuations in the currencies of member countries. Indeed, only 18 months ago EEC leaders finally abandoned as unrealistic their 1980 deadline for attaining EMU

However, EMU has again become one of the major issues within the Common Market following a campaign launched last October by Roy Jenkins, the President of the Commission. His drive to win acceptance for the idea of EMU initially received a reception ranging from cool, from some of his fellow Commissioners, to hostile from certain finance ministers, notably Denis Healey, the Chancellor of the Exchequer. Mr. Jenkins has made a series of almost weekly speeches, and his views appeared to be making some headway at the summit of EEC heads of government in Copenhagen earlier this month. Chancellor Schmidt of West Germany made a series of proposals there about stabilising currencies within the community. Mr. Jenkins has taken this initiative as a chance to press his case, as he showed in a major speech in London on Monday.

In brief, Mr. Jenkins argued that the currency instability and inflation problems of individual countries made it more rather than less necessary to achieve EMU. He said this would involve a new central European authority to manage the proposed common exchange rate of the EEC, external reserves and the main lines of internal monetary policy, together with a more redistributive budget within the regions of the Community. He recognised that better co-ordination was important but argued that a leap forward to EMU was a necessary condition for an improvement in economic performance: this could not be achieved through the conventional economic policies of individual member governments.

In practice this drive has involved a two tier exercise — reconciling the fundamentalist debate with advances on specific points, which has become known in the jargon so beloved in Brussels as tunnelling forward and tunnelling back.

At one level, there has been Mr. Jenkins' personal campaign throughout the Community, which is intended to prepare and persuade public and political opinion. The supporters of EMU recognise that its achievement involves a considerable leap of imagination for politicians and officials in member States, but they argue that pressing the case now will reduce the credibility gap.

At another level, Mr. Jenkins' campaign is linked with broadening the base of common action on a number of monetary and economic fronts, in order to make the eventual leap—both in the imagination and in action—less prodigious. This involves operating on several time horizons and making the specific current problems relevant to the longer-term goal.

The immediate moves — the tunnelling forward — are concentrated in five areas.

1—Co-ordination of demand management, as reflected in efforts to agree on joint action to boost growth rates.

2—Internal moves to reduce fluctuations of member States' currencies.

3—Co-ordination of the EEC approaches with the rest of the world on demand management, foreign exchange market co-operation with the U.S., and trade relations with Japan and developing countries.

4—Co-ordination of public finance strategies involving increased loan facilities and regional aid.

5—Industrial policy, for example, on the rationalisation of the steel industry.

Progress in all these areas is seen by Commission officials as establishing the right base for a bigger leap at the appropriate time. Member states place emphasis on differing points—the U.K., for example, believes that coordination of growth policies is most important and that efforts to stabilise currencies purely in an EEC context are misplaced, when what matters most is the position of the dollar.

Nevertheless, the drive towards EMU has been given impetus by Chancellor Schmidt's sympathetic attitude towards calls for a wider zone of currency stability within Europe, involving a partial pooling of reserves.

There is still, of course, a long way to go before agreement is reached on even these suggestions, which are in themselves some way short of EMU. But they are a test of member states', notably the U.K.'s, willingness to move the EEC forward.

BUSINESS PROBLEMS

By our legal staff

The quest for a fair rent

I am a tenant farmer on a County Council smallholding and have received notice of a rent increase by 93 per cent. Is so large an increase permissible? I have to sign the rent agreement in the near future, or go to arbitration. Could you say what the procedure is for arbitration and whether this would cost me anything?

Section 45 of the Agriculture Act 1970 requires the County Council as smallholdings authority, to determine your rent as on an agricultural holding. The rent should thus be fixed as under Section 8 of the Agricultural Holdings Act 1948. Arbitration would be by the Agricultural Lands Tribunal. While you would probably not have to pay the costs of the County Council even if you were wholly unsuccessful you would need to incur costs on your own behalf, for example the fees of an expert valuer. The criterion is the market rent (with statutory deductions), so that an increase over the previous rent of 93 per cent. is not necessarily incorrect. (You do not state when the previous rent was fixed.) It would not be worth your while going to arbitration if the rent now asked is a reasonable rent for a newly let smallholding.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

The wrong kind of control

BY COLIN JONES

THE RECENT White Paper on the nationalised industries has been overshadowed by other events including not least the Budget. But it is unlikely to pass into oblivion for the simple reason that it heralded a fundamental change in approach to the control of these industries and the alternative it outlined seems likely to have as disastrous consequences as before.

The idea that governments should stand back from these industries and operate an "arms length relationship"—which was first promulgated by Herbert Morrison and has ever since been honoured in the breach rather than the observance—has been formally interred. Instead, relations between the two are to become even closer. The White Paper recognises the central problem as always being that of reconciling Ministerial involvement with the maximum possible freedom for the boards to manage their industries, and proposes three main ways of resolving it.

First, new procedures are to be evolved for discussing the industries' corporate plans with a view to making them the focal point of the relationship between each board and its sponsoring department and the basis for agreeing longer-term objectives. If a Minister should subsequently want the board to do something else—such as order an unnecessary power station—and the board chooses not to co-operate, then he would have to issue a specific direction which would mean going to Parliament and publishing an estimate of what the intervention could cost.

Secondly, as much information as is commercially prudent about the boards' plans and objectives, their financial and performance targets, including any "sectoral or social aims," is to be published in their annual reports. Finally, an attempt is to be made to involve other interest groups, such as employees and consumers, in the formulation of policies, either by board membership (which might also be extended to civil servants) or by improved consultative arrangements.

Basic flaws

This approach can at least be said to have the merit of being logical. The nationalised industries' role in the economy is too sensitive, their market power as suppliers, employers, or customers and their appetite for capital finance is too considerable, and the absence of the disciplines which operate in the private sector is too fundamental to expect Ministers to refrain from becoming involved.

The basic flaw in Morrison's arm's length concept was the assumption that the nationalised boards—which initially were set up as non-profit-making bodies—would know what the public interest might be without having to be prompted. As Sir Norman Chester commented in his official history of the 1945-51 nationalisation programme, "it never entered the heads of Ministers and their supporters that the consumer might be in need of some protection from" the new boards . . . nor did it occur to Ministers that the Boards "would be subject to the temptations of monopolies throughout the ages."

The problem has however not been the fact that Ministers do intervene but the lack of continuity in policy and the inconsistency of objectives which their interventions cause. This, I would suggest, is unlikely to change for two reasons. One is the differing time scales on which Ministers and the boards operate. The other is that when Ministers become involved in an issue, the outcome is as likely to be decided by political considerations as by the real needs of an industry.

Choice

The instinct for job preservation which underlay the Beswick steel works closure review just when the steel industry was sliding into the worst recession in a generation is a classic example. So were the Heath Government's price restraint policies, and the over-ordering of power stations in the 1960's (to match an impossibly ambitious national economic growth target) and the ensuing debilitation of the electrical plant makers in the 1970s.

It seems to me that we have a straightforward choice. We could go along with the White Paper, accept that Ministerial intervention is unavoidable, and put up with the substantial centralisation of decision-making the Government's "concerted solution" would involve. Alternatively, we could try to reduce the need—and the opportunity—for intervention by progressively re-introducing into the nationalised sector the market disciplines which operate in the private sector. By dispersing power, the "BP solution" would not only promote choice and freedom: it would also limit the consequences of the mistakes that are inevitable in any organisation. Centralising decisions does not reduce the risk of error: it merely ensures that the blunders, and their consequences, will be very much larger.

The problems of a return to the wild

GARDENS TO-DAY

BY ROBIN LANE FOX

IF YOU want to see a wild garden nowadays, you would be drawn, first of all, to a garden on acid soil, to the Savill Gardens in Windsor Park, to the valley and terraces at Bodnant, or to Wakehurst, home of such superb autumn colour. Yet the fashion for wild gardening began by a different route. Its classic text, by the William Robinson whom I mentioned last week had almost nothing to say in 1870, about azaleas or camellias, Pieris and fine Lilies. It is an intriguing example of a taste being overtaken by a wider market, opened and exploited quite independently.

Robinson's first sort of Wild Garden was largely a wild garden which was planted with native flowers with the plants which he praised under their plain English names. Clematis became the Maiden's Bower; Aubretia was Blue Rock Cress. The first edition was well received as a plea for nature's unspoilt flowers. They were to be gathered in countries of known civilisations, Europe, Greece, Britain and Canada. There were hints of other sub-continents, but these were dark and exotic places, dangerously Third World. How could a Monkey Puzzle ever look right in England if it came from the sort of South American setting where snakes and savages swung menacingly from trees?

While the public were sending this plea for natural gardening through ten editions in 20 years, other men had been going about their business from quite another source. Plant collectors had widened men's awareness of the flora of America and the far East. There began that happy conjunction of new plants and lavish patronage by new rich businessmen. Between them, they laid the bones of many of the wild gardens to which our National Trust now draws the crowds.

When I watch the impact of a certain Mr. G. F. Wilson on the various editions of Robinson's book, I cannot help wondering what adventurous FT readers may have in store for gardening correspondents of the future. For the picture of a wild garden had to change rather sharply as the men of affairs sent the author word of their results.

Mr. G. F. Wilson had made a million pounds in candles. Clearly, he burnt his own at both ends, for he took up gardening in the familiar mood of a man who thought he would soon show them all, by doing it on quite a different scale. He left his mark with Lilies, a point I would urge on you too. In his first edition, Robinson never mentioned the Lily seriously.

While he sang the praises of sheets of the blue Apennine Anemone, Mr. G. F. Wilson, fine though anemones are, was settling down to a woodland garden in which "lilies could be counted by the thousand," not least the "many thousands" of *Lilium Auratum*, the golden-rayed Lily of Japan. One feels, at times, that he ought to have written the book himself.

He had chosen blue and white willow Gentians (*G. Asclepiadea*) and massed them by the hundred: owners of banks, bare slopes beside a drive or clearings in a woodland walk are still too shy of this fine late summer flower. Rhododendrons "grew so freely that he planted an acre with seedlings which were crowding their parents." Robinson, at first, had mentioned Rhododendrons only once, as a shrub loved by rabbits. Wilson had stems of the American Swamp Lily, *Lilium Superbum*, which were 11 feet high. His choice of lilies for clearings in light shade could not be bettered by gardeners on acid Home Counties' soil: Martagons, Tiger Lilies, *Pardalinum* and *Szovitzianum*. Those of us on lime-soils could still keep up, I think, with the tall and amenable lilies *Henryi* and *Wilmottiae*, two excellent bulbs which will multiply and live for years, in a dryish soil, when they can be staked and left alone. For lilies are not just temperamental plants for pots or for gaps between beds of paeonies. We are all too anxious about some of them. The easy ones are very easy and prefer to stand in light shade, where Mr. Wilson rightly put them.

Mr. Wilson's style is now the style of the best modern wild gardens. They use foreign plants freely. They mass Azaleas, especially, and keep an evergreen bank to them with Skimmias, Camellias and the best big-leaved Rhododendrons. From time to time, botanists put in pleas for "natural" gardens of English wild flowers, for *Clematis Vitalba*, Primroses, Kingcups, Whitebeam and clumps of dog roses. Has, then, the wild garden, on Robinson's lines, nothing more to teach us?

On acid soil, I think that it only reminds us of a principle which is easily forgotten. Consider the surroundings; try to plant in sympathy with them; do not over-do your clumps of magenta Rhododendrons, but try, rather, to keep your wild garden looking wild. It is this principle which was broken by, say, the planters of Rhododendron's all over the natural Georgian landscape garden of Stourhead in Wiltshire.

On lime soil; Robinson still has something to say. Here, we tend to feel that wild gardening is a poor second best. But he writes so wisely of clumps of Lily of the Valley for dry shade around trees.

He keeps returning to the easy virtues of Solomon's Seal, to the spring blue flowers of the perennial blue Brunnera, the so-called forget-me-not. Virginia Creeper, he remarks, has been seen to look lovely through the branches of a Weeping Willow: who ever tries this nowadays? There are Primroses, after all, many more forms of mock orange blossom than when he wrote, a better sort of Viburnum (a horizontal Lanarth) and a host of the big single-flowered shrub roses (the doubles, he would have felt, were too "unnatural"). I know of no alkaline garden which has fully used the many possible spring bulbs, the Alliums and excellent Anemones and the purple Mediterranean Gladioli.

On all this, Robinson still has more to say than most authors since, in a way which makes one want to give it a go. Azaleas are all very well and sometimes, he might have complained they become too "unnatural" to keep a garden's air of being wild. In wild gardens, as elsewhere, there is still not a little to be learnt by going back to the roots and starting with the views from which it all began.

Spring in Deepsea to keep the fillies in front

RACING

BY DOMINIC WIGAN

WITH SEVEN opting out of the Tote free handicap at the final declaration stage, just 12 are due to line up for this seven-furlong prize in which Spring in Deepsea will be trying to become the second filly to win in two years.

Twelve months ago the subsequent 1,000 Guineas heroine, Mrs. McArdy, justified joint favouritism at 8-1 and this afternoon Spring in Deepsea, one of three Luca Cumani 1,000 Guineas hopes, is certain to be market leader and at considerably shorter odds than the northern filly.

The winner of a maiden event at Newbury last September on the disqualification of Salacia, Spring in Deepsea, an attractive brown filly by Captain's Gig out of the Yorkshire Oaks third Arawak made no mistake at the last meeting here. Forging into the lead a quarter of a mile from home in the transferred Ascot 1,000 Guineas trial, Spring in Deepsea raced away from the opposition to put 12 lengths between herself and her pursuers who were headed by Miss Kildare and Nesting.

Although it is doubtful whether the two placed fillies in that event are better than second-class handicappers, the manner of Spring in Deepsea's success suggests that she can be little, if anything, behind the best of her age and sex over seven furlongs to a mile.

If this is the case, she surely will take a great deal of beating here off 8st 11lb.

I take her to underline her young trainer's strong hand in the 1,000 Guineas with a clear-cut victory over Skyliner, who runs in preference to three other Ryan Price-trained entries: Wahed, Caven Hill and Nelbi.

Willie Carson, who was orginally booked for Spring in Deepsea but who now partners Heir Presumptive in the Tote race, could have better luck half an hour later when he partners that remarkable old eight-year-old Boldboy in the Ladbroke-sponsored Abernant Stakes.

This specialist sprinter bids for his fifth victory over this six-furlong course and distance this afternoon.

NEWMARKET

2.00—Truly Best
2.30—*Hill's Yankee**
3.00—Spring in Deepsea***
3.30—*Boldboy***
4.05—Gunner B
4.35—*Probable*

Stately homes marketing drive

"VIGOROUS and concerted action is needed if Scotland's historic houses are to survive in a form that does justice to them and Scotland," the Earl of Mansfield, owner of Scone Palace, Perthshire, said yesterday

Lord Mansfield, chairman of the Historic Houses Association for Scotland, was speaking on the eve of a conference of Scottish stately home owners to be held at Battleby, near Perth, tomorrow.

The conference will discuss the economic and marketing problems of opening houses to the public and ways in which they can take advantage of Scotland's tourism potential.

"We shall be looking at ways in which income from tourism can be used to preserve Scotland's historic houses and the part that historic houses can play in sustaining the growth of tourism," Lord Mansfield added.

The Scottish Tourist Board, one of the sponsors, said that action which might be discussed included joint marketing schemes by owners and shops and craft centres at historic properties.

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.01 For Schools, Colleges. 3.53 Regional News for England (except London. 3.55 Play School (as BBC 2 11.00 a.m.). 4.20 Bailey's Comets. 4.40 The Canal Children. 5.05 John Craven's Newsround. 5.10 Think of a Number.

5.40 News.
5.55 Nationwide (London and South-East only).
6.30 *Nationwide.*
6.50 Tom and Jerry.
7.00 The Liver Birds.
7.30 Sportsnight Special: England v. Brazil from Wembley
9.35 News.
10.00 The Hong Kong Beat.
10.30 Sportsnight (part 2) Amateur Boxing Association Championships.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC 1 except at the following times:

Wales—5.10-5.40 p.m. Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.15-7.30 Cartoons. 11.55 News and Weather for Wales.

Scotland—5.55-6.15 p.m. Reporting Scotland. 6.15-6.30 The Scottish Trades Union Congress (report). 6.30 Join BBC 1 London for Nationwide. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. *Northern Ireland News.* 5.5-6.20 Scene Around Six. 10.00-10.30 Spotlight on Northern Ireland *affairs. 11.55 News and Weather* for Northern Ireland.

England—5.55-6.20 p.m. Look East (*Norwich*); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.35 Gharbar.
11.00 Play School.
4.55 Open University.
7.00 News on 2 headlines.
7.05 Mr. Smith Propagates Plants.
7.30 Newsday.
8.10 Brass Tacks.
9.00 Call My Bluff.
9.30 Midweek Cinema: "High, Wide and Handsome" starring Irene Dunne.
11.10 Late News on 2.
11.20 Snooker: Embassy World Professional Snooker Championship.

LONDON

9.30 a.m. Schools Programmes. 12.00 Here Comes Mumfie. *12.10 p.m. Rainbow. 12.30* Sounds of Britain. 1.00 News plus FT Index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Racing from Newmarket. 3.50 Paint Along With Nancy. 4.20 How. 4.45 A Bunch of Fives. 5.15 Emmerdale Farm.

5.45 News.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Looks Familiar.
8.30 Philby, Burgess and MacClean.
10.00 News.
10.30 The Sweeney.
11.30 World Snooker.
12.00 The Andy Williams Show.
12.25 a.m. Close: Robert Rietti *reads a prayer for the Passover.*

All IBA Regions as London *except at the following times:*

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Celebrity Concert—Paul Williams. 12.30 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 3.50 The Sullivans. 5.15 Mr. and Mrs. 6.00 ATV Today. 10.30 Ladies Night. 11.15 Drive-In.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 Lookaround Wednesday. 11.30 Gibbsville. †12.25 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Report at Six Special—The Channel Islands and the Labour Party. 10.28 Channel Late News. 11.40 Westside Medical. 12.25 a.m. News and weather in French followed by Epilogue.

GRAMPIAN

9.25 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 3.50 Out of Town. 6.00 Grampian Today including STUC Conference Report. 6.30 Police Newsroom. 11.30 Reflection. 11.35 An Audience with Jasper Carrott.

GRANADA

1.20 p.m. This Is Your Right. 5.10 *What's New. 5.15 Crossroads.* 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.30 Gibbsville.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. *5.15 Betty Boop. 5.20 Crossroads.* 6.00 Report West. 6.15 Report Wales. 6.30 Havoc. 11.30 Man and Woman. 12.00 The Practice.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd. 10.30-11.30 Yn Ddeg Oed.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.00-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 2.00 Women Only. 3.50 Mr. and Mrs. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 Rush. *11.30 Late Call.* 11.35 Pro-Celebrity Snooker.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day: Wednesday Extra. 11.30 Southern News Extra. 11.40 The Butlin's Grand Masters Darts Championship (ATV). 12.10 a.m. The Majesty of Henry Moore.

TYNE TEES

9.25 a.m. The Good Word followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 North East News and Lookaround. 2.00 Epilogue.

ULSTER

1.20 p.m. Lunchtime. 4.18 Ulster News *Headlines. 5.15 Solo One. 6.00 Ulster* Television News. 6.05 Crossroads. 6.30 Reports. 11.30 Horses In Our Blood. 11.55 Bedtime.

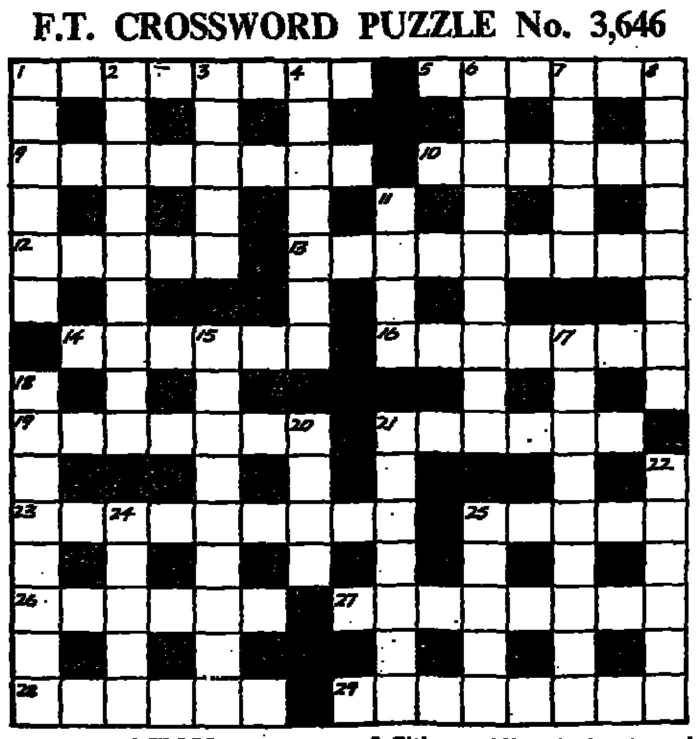
WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Westside Medical. 12.25 a.m. Faith For Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 Darts.

F.T. CROSSWORD PUZZLE No. 3,646



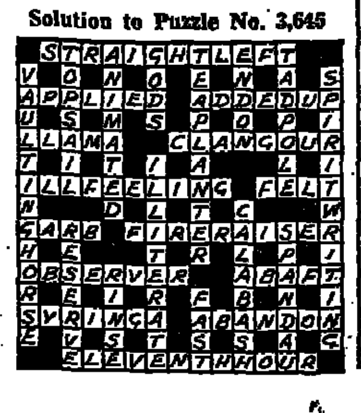
ACROSS

1 Salad ordained by old king (4, 4)
5 Way to the top one would consider silly (6)
9 Game *for revolutionaries* (8)
10 Forgo going to dad's to eat in the evening (4, 2)
12 Leaves container to club porter we hear (5)
13 Cad from Latin America raised part of shoe (5, 4)
14 Some French place for a *tyrant* (6)
16 Departed before party made determined onslaught (4, 3)
19 Special quality of German city church (7)
21 Chap for instance taking on a wine shop (6)
23 Disorder concerning fool (4, 5)
25 Suitable material with rushing sound (5)
26 Won't youth leader build a hut? (6)
27 Dying *for some years* before National Trust appeared (8)
28 Last objective on river (6)
29 Speculator wearing singlet gets nothing right (8)

DOWN

1 Copper takes on lively junior ministerial appointment (6)
2 Washer *the French strip* (9)
3 Cunning to insert notice with sorrow (5)
4 Foolish day to go to bed with fruit (7)
6 Citizen soldiers instruct musicians (5, 4)
7 Men helping sheriff in dispossession case (5)
8 Remove hair from ape I'd let wander (8)
11 One offer in the same place according to footnote (4)
15 Want very much to *gasp when* it's all over (4, 5)
17 Sweet producing plant (5, 4)
18 I'd like to consider blind request (3, 2, 3)
20 Dress turns up in York (4)
21 One bird got its teeth into another (7)
22 Victor used to raise other people's game (6)
24 Be a candidate for witness box (5)
25 Flood comes to head in the *south* (5)

Solution to Puzzle No. 3,645



RADIO 1 247m

(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Simon Bates. 11.31 Paul Burnett including 12.30 p.m. Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen including 5.30 Newsbeat. 7.30 Listen to *the Band (S) (joins VHF). 10.02* John Peel (S). 12.00-2.02 a.m. As Radio 2.

VHF Radios 1 and 2: 5.00 a.m. With Radio 2, including 1.55 p.m. Good Listening. 7.30 Listen to the Band (S). 8.15 Semprini Serenade (S). 9.02 Portrait of Piaf. 9.55 Sports Desk. 10.00 With Radio 1. 12.00-2.02 a.m. With Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Ray Moore with The Early Show (S) including 8.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 p.m. Waggoners' Walk. 12.30 Pete Murray's Open House (S) *including 1.45 Sports Desk.* 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk and Racing at Newmarket. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Sing Something Simple (S). 7.30 Soccer Special: England v. Brazil. *9.30 Join VHF.* 9.55 Sports Desk. 10.02 I'm Sorry I'll Read That Again. 10.30 Hubert Gregg says Thanks for the Memory. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.00-2.02 a.m. News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Ravel (S). 9.55 Music for Organ (S). 10.40 Schiller Trio, part 1: Duvernoy, McCabe (S). 11.30 Interval Reading. 11.15 Concert, part 2: *Mendelssohn, Brahms.* 12.00 Two New Names (S). 1.00 News. 1.05 Concert Hall (S). 2.00 English Sinfonia, part 1 (S). 3.00 In Short (talk). 3.05 English Sinfonia, part 2 (S). 3.50 Haydn String Quartets (S). 5.05 Building a Library (S). †5.45 Homeward Bound. †6.05 News. †6.10 *Homeward Bound* (continued). †6.30 Lifelines: Language and Communication. 7.30 William Barnes (a study by C. H. Sisson). 8.00 BBC Symphony Orchestra: Delius: Mass of Life, part 1 (S). 8.35 The Arts Worldwide. 8.55 Concert, part 2 (S). 10.15 Scientifically Speaking. 11.00 Sounds *Interesting (S).* 11.25 News. 11.30-11.35 Tonight's Schubert Song.

Radio 3 VHF only: 6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 *Farming Today.* 6.35 Up to the Hour. 7.00 News. 7.10 Today. 7.35 Up to the Hour (continued) including *Thought for* the Day. 8.00 News. 8.10 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Songbook. 10.00 News. *10.05 In Britain Now.* 10.30 *Daily* Service. 10.45 Morning Story. 11.00 News. 11.05 Bestseller. 11.50 Tales and Legends of the Highlands. 12.00 News. 12.02 p.m. You and Yours. 12.27 The Enchanting World of Hinge and Bracket. 12.55 Weather, programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen with Mother. 3.00 News. 3.05 Afternoon Theatre. 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news. 6.00 News. 6.30 Quote . . . Unquote (S). 7.00 News. 7.05 The Archers. 7.20 File on 4. 8.00 Arrows of Time. 9.00 Science Now. 9.30 *Kaleidoscope.* 9.59 Weather. 10.00 The World Tonight. 10.30 Frank Muir Goes Into . . . The Visual Arts. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Holiday Scene. 9.20 London Live. 11.03 In Town. 12.03 p.m. Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 In Town (as 11.03 a.m.). *8.30 In Concert. 10.03 Late* Night London. 12.00 As Radio 2. 12.05 a.m. Question Time from the House of Commons. 1.00—Close: As Radio 2.

London Broadcasting

261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 A.M.: non-stop news, travel, sport, reviews, information. 10.00 Brian Hayes. 1.00 p.m. *LBC Reports including George Gale's* 3 O'clock Call. 8.00 After 8—with Ian Gilchrist. 9.00 Nightline. 1.00-5.00 a.m. Night-Extra with Adrian Scott.

Capital Radio

194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel from Europe 1 in Paris (S). 12.00 Dave Cash (S). 3.00 p.m. Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line. 9.00 Your Mother Wouldn't Like It with Nicky Horne (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

Royal Opera, Stockholm

Le Grand Macabre

by DOMINIC GILL

Until last week we could consider György Ligeti as one of the few living composers of note outside the experimental avant garde (Boulez is another rare exception) apparently never to have been tempted to try his hand at composing an opera. Perhaps we can still say with some confidence that Boulez is no more likely than John Cage to write for the opera house. But in Ligeti's case it seems we were wrong. As long ago as 1965, soon after completing the "anti-operas" *Adventures* and *Nouvelles Aventures*, Ligeti had accepted a proposal put to him by the late Göran Gentele, still then director of the Swedish Royal Opera, to compose a large-scale work for Stockholm.

The first sketches were for a piece along the lines of the two *Aventures*: a music-drama without narrative, setting a non-comprehensible, purely emotive text, provisionally entitled *Kylwiria* (a land of Ligeti's childhood, a place of daydreams and private mythology). The more the notion developed, however, the more Ligeti realised "that the world of *Aventures* had come to an end, that I should not repeat myself, and that a story is essential for a full evening of music-theatre." Ligeti looked at first to Alfred Jarry; but after rejecting a number of possible "Jarryisations," he hit upon *Le Ballade du Grand Macabre*, a play by the Flemish writer and dramatist Michel de Ghelderode (1898-1962) which exactly suited his musical-dramatic conception—"a play about a world disaster which after all never happens, with Death as its hero, who himself plays, after all perhaps only a small jester's part, in a decaying but good-humouredly lush and whorish world of an imaginary Breughelland."

noted the prettiness of the music, its quickness and precision, and rarefied quality—and also, in the most recent piece we had heard at the time, *Clocks and Clouds* for 12 voices and orchestra, the lyrical deftness of the texture, a delicious confection, all bubble, sweetness and light. Since then, in the two major works since *Clocks and Clouds*, the orchestral *San Francisco Polyphony* and *Monument - Selbstportrait - Bewegung* for two pianos, we have noted an increasing pre-occupation with theatrical, as well as lyrical; gesture—in the strongly contrasting sections and broad lines of *Polyphony*, and in the strikingly dramatic treatment and interrelation of the three movements of *Monument*. But both of these pieces have proved no more than hors d'oeuvres for the main course, Ligeti's first opera, *Le Grand Macabre*, unveiled under the baton of Elgar Howarth in Stockholm last week.

In the beautiful land of *Brenghelland*, Nekrotzar, the great macabre, rises Dracula-like from a grave to announce the imminent destruction of the world. He is heard with different degrees of incredulity by Piet von Vat, a jolly drunk; by Astradamors, the court astrologist, and his whip-cracking, thigh-booted wife Mescalina; by little roly-poly Prince Go-Go and his ministers; and by the Chief of the Secret Political Police, a coloratura soprano dressed as a gorgeous bird on roller-skates. The two lovers, Clitoria and Spermando, ignore Nekrotzar entirely. They find the grave—but none, they say, do there embrace?—an ideal, private place for love-making, and spend the major part of the opera there, unseen, unscathed, emerging in the final scene to round the music with a huge array of more than 100 instruments between them. But the instrumental effects are never crude: even the most comic (a squawking prelude, for example to the first and second scenes by an ensemble of 12 car horns) are made with finesse; and elsewhere the links and set-pieces make a shifting pattern of exceptionally subtle combinations—the duet of Clitoria and Spermando from their tomb of love, the first scene's finale, its whirring introduction softened suddenly to languorous accompaniment as the voices sink deeper, and the instruments soar upwards to disappear at their highest point; the prelude to the third scene, wild polyphony from a quartet of instruments on stage, over an Eroica basso ostinato, brilliantly conceived; Mescalina's Verdian lament, a marvellous moment of half-comic, half serious tension; the music to Nekrotzar's death, a mirror-canon of diminished fifths; the interlude between the third and *last scenes, dark, vibrant tones* and cavernous echoes, all passion spent.

It is a difficult, fast-moving score, punctuated by spoken routines (of which I understood little in this performance, done in Swedish, but which looked crisp enough in my German translation of the libretto), posing many problems of split-second timing, dovetailing and balance. Elgar Howarth's scrupulous preparation was clearly a fine achievement, which drew playing and singing on the first night of remarkable accuracy, clarity and conviction. He was helped by a strong cast: the coloratura soprano of Britt-Marie Aruhn, somewhat shaky on her roller-skates, but thrillingly bright and sure in her high melismas; the Astrodamus and

Sven Erik Vikström, Elisabeth Söderström and Kerstin Meyer

We may not have considered [Li]geti as a composer for the [th]eatre: but certain pointers [a]re always visible. Ligeti's [fir]st compositions after leaving [Hu]ngary in 1956 to work with [Ei]mert and Stockhausen in the [el]ectronic music studio in [Co]logne, such as *Apparitions* [(1]960) and *Atmosphères* (1961) [fo]r full orchestra, were brilliant [es]says in *Klangfarbenkomposition*: massive webs of sound, con[st]antly shifting within their own [u]nits, characterised by clusters [of] notes played against a back[gr]ound of "micro-polyphony." [Th]e climax of this line of devel[op]ment and perhaps the most [wi]dely known, is the *Requiem* [of] 1963-65 scored for 20-part [ch]orus, whose first movement [wa]s used to memorable effect—[tho]ugh to the composer's chag[rin], and without his permission [—]by Kubrick in the soundtrack [of] his film *2001*.

But since the middle 1960's, [aft]er a brief *flirtation with the* [pe]ripheries of John Cage and [Fl]uxus (the two *Aventures* and [the] *Poème symphonique* for 100 [me]tronomes), there has been a [gra]dual but perceptible shift [aw]ay from massive web-forms [tow]ards a simpler and more [de]licately nuanced music, whose [int]erweaving lines are more [se]parate and distinct, and whose [ch]ordal structure is more clearly [de]termined—as for example in [the] "motet" for 16-part choir [*Lux*] *Aeterna* (1966), the second [str]ing quartet (1968) and notably *Melodien* for orchestra (1971). Five years ago, after an EBU [con]cert of Ligeti's music relayed [fro]m Vienna on the occasion of [his] 50th birthday, I wrote appre[cia]tively of this new tendency—[esp]ecially as exemplified by [*Me*]*lodien*: a busy, lyrical piece, [bea]utifully scored, which climbs [and] soars, and finally gathers to[get]her to disappear (a favourite [Lig]eti gesture) into silence. I

with a high-soaring ecstatic duet. Nekrotzar has failed; the world is intact; no one was hurt. He melts away: but who was he? Death indeed? Or a false Messiah, a shabby jester playing a part?

Ligeti fills out this elaborate comic script—which he has adapted himself in collaboration with the opera's producer Michael Meschke, directly from Ghelderode, making only a few minor narrative alterations—with a richly elaborate comic score of two acts and four scenes, together lasting a little over two hours. The manner is wholly individual: a brilliant, *exotic music-box of* medleys, set-pieces, recurrent motifs, quotations and references proposed with the greatest delicacy, bound together with a quick, taut thread.

There are a few obvious quotations: from Beethoven's Eroica, the Offenbach Can-Can, a snatch of Scott Joplin. *But there is no direct pastiche*. Instead, Ligeti weaves a web that is very much his own, setting small parts of it only, as it were, in quotation marks: sometimes a whole section, like the lovely "Bourrée perpetuelle," a reminiscence of an unknown Haydn string *quartet transformed* by Bartok and filtered by Ligeti, which makes its appearance at two crucial points in the second and third scenes: and sometimes the briefest encounter, a fleeting vision, half-heard, half recognised—the curl or set of a phrase, a detail of instrumentation, summoning an echo, say, of Britten's *Serenade* or Bartok's *Concerto for orchestra*. They are certainly not direct quotations; perhaps not even conscious references. But they permeate the score, and explain much of its varity and complex resonance.

Ligeti's orchestra is large, and reinforced by three percussionists Mescalina of Arne Tyrén and Barbro Ericson, sturdy comics both, of lively voice and firm presence; Sven Eric Vikström's Piet, dexterous and impish; Erik Saedén's Nekrotzar, a powerful bass-baritone, commanding in his ambiguous role: the baby prince Go-Go of Gunilla Slättegard, delivered with a nice combination of humour and pathos; and notably the two lovers, taken by Elizabeth Söderström and (as a travesty role) Kerstin Meyer, both in warm and eloquent voice, radiantly intertwined.

The production of Michael Meschke will doubtless tighten up as the performance settles. By the first night one or two ensembles still moved stiffly, and a few details were still unfocused. But there were felicities, too: the presentation of Prince Go-Go's Ministers Black and White (Meschke is also the director of Stockholm's puppet-theatre) as giant, living puppets, and the Police Chief's minions as scurrying blackbirds, beaks agape, were both *imaginative* touches, nicely sustained. The designer Aliute Meczies offered a splendid wardrobe of costumes, and in the central scenes, superbly detailed Breughellesque re-creations of Astradamors' house and Go-Go's palace. I was puzzled by her choice of set for the first and last scenes —"the beautiful land of Breughelland" — an empty stage, backed by a sheer rock cliff-face, a reminder maybe of harsh reality, whose colour and detail are filled out only in fantasy, but dramatically a disappoint*ment, visually lame*.

Next October, *Le Grand Macabre* moves to a new production in Hamburg: it will be interesting to see how much of the best of Stockholm is retained, and whether new problems, as well as new solutions, arise.

Television

Let the cameras in

by CHRIS DUNKLEY

Two major conclusions arise from the television coverage of Mr. Healey's 13th budget. The first and the most important is that Parliament is going to have to allow television cameras into the House sooner rather than later. The second is that the BBC is suffering more and more noticeably from P.O. in its coverage of events such as the budget, and the time has come for its best friends to say so.

After the month of experimental radio broadcasts from Parliament in 1975 it was always clear that when a sound signal finally became regularly available it would not be limited to use on radio. Even during that experiment both BBC and ITV tried out various ways of using the sound tapes on television. Short of a Parliamentary rule restricting use of the recordings and of the live feed to radio (they have, after all, been banned by our nervous politicians from use in light entertainment or satire programmes) it seemed obvious that radio *coverage of Parliament would* constitute at the very least a base camp for television's hitherto very slow move into the Palace of Westminster, and at best a halfway house.

Now that regular radio broadcasting has started, however, it looks as though it is providing something more like a stalking horse from the cover of which the *broadcasters are going* to emerge wielding, like all respectable big game hunters these days, not guns but cameras.

In the debate between broadcasters and worried politicians during and after the 1975 experiment a lot of virtuous claims were *heard* about the way that Radio 4's *Yesterday in Parliament* could and would be just as impartial, detached and dignified as the best Parliamentary reporting in the quality Press. No doubt it is.

Yet even on an unusually good day *Yesterday in Parliament* is *heard by only 1.5m. listeners* whereas two thirds of the adult population see one of the television news programmes every day—about 25m. viewer/electors. And even though *Yesterday in Parliament* and *Today in Parliament* may devote 55 solid minutes every day to Parliamentary news (not to mention anything done by the local radio stations, both BBC and commercial) while the Parliamentary content of television news varies from nothing to perhaps three or four minutes, it is still television news which is going to be of most interest to a lot of politicians.

And the radio-on-TV hybrid that they see there and in the "specials" which television has already started to mount on the occasions of important debates, is hardly likely to please them very much. It certainly does not please me very much. In fact it displeases me to the point where I start to wonder by what right in 1978 in this supposedly open democracy I am prevented from seeing on my television set just what happens on the floor and in the committee rooms of the House of Commons where our elected representatives now order so much of our lives and spend so much of our money.

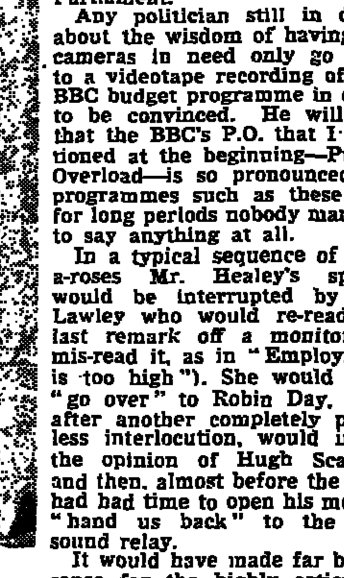
England is supposed to be the mother of parliaments. British broadcasting is supposed to be the best in the world—our politicians are forever telling us so. Yet here we are 48 years after the introduction of radio *into the Danish parliament, and* 25 years after the introduction of television into the West German parliament, faffing about with a system that produces on millions of sitting-room screens a bastardised thing which is neither a good television programme nor a good radio report.

For Mr. Healey's budget speech the BBC had a camera trained on the outside of the Houses of Parliament so that we could, first, confirm from Big Ben the rather panicky observation made by presenter Sue Lawley that "the Chancellor is now about two minutes late in standing up." Then, as he began to speak, we heard the radio relay of his voice but continued to watch the traffic in Parliament Square, and the utter absurdity of the position started to become clear.

We are allowed to hear the Chancellor speak live, and we are allowed to watch pictures of the outside of the building while he is speaking. We are allowed to hear instant comment on his pronouncements from television pundits interrupting his speech. We are allowed, a handful at a time, to sit in the public gallery and watch him deliver it. We are allowed to caricature and ridicule him in cartoons. We are allowed to pillory his policies in print, in sound and in pictures —still and moving.

But we are not allowed to see him give his budget speech on television; neither live nor in a recording.

For their budget "special" ITN used as a screen filler over which to broadcast the speech a composite reminiscent of a Victorian "Illustrated London News" cover, with Mr. Healey's face beaming out of an oval



Sue Lawley and Alastair Burnet

frame flanked by pictures of Parliament. Occasionally they cut away to a three-dimensional representation of the interior of the House, seemingly built in a shoe box, with a little model man standing at the little model despatch box to represent the Chancellor. Again the truly ludicrous nature of this elaborate British compromise became clear as the voice seemed to emanate from the plasticine manikin.

However the system reached its nadir with Mrs. Thatcher's response to the budget speech. Knowing the Commons as she does, she must have been aware of inviting odium when she talked first of "this radio broadcast" instead of the Chancellor's speech, and then seemingly aimed *an appeal for sympathy* directly at the national audience by explaining what all MPs know perfectly well—that her response had to be without advance knowledge of the budget. Sure enough she was barracked, and it was at that moment that the radio-on-TV system could be seen as the worst of all possible worlds.

A newspaper could report her speech without the noise, or could mention the noise and explain it. A television programme could convey whether the speaker was really being threatened nastily (as sound alone suggested) or whether the *bark of the old Commons* pack made the mood seem—as usual —a lot more serious than the expressions on faces would suggest. A live sound transmission without pictures simple left the broadcasters helpless to do anything but communicate a fundamentally misleading impression.

It is time the *cameras* went inside. And just in case anyone is still under the old fashioned impression that this means are lights and cables all over the holy of holies it must be made clear that for some years cameras have been available which could be operated remotely while slung beneath the Commons galleries and could work quite successfully in the 10 to 15-foot candlepower with which the chamber is already lit.

Decades hence when cameras in the House seem as humdrum as the reporters in the Press gallery seem to-day students of the British constitution will no doubt be as incredulous over the present obscurantism of so many politicians in preventing electors watching the public business of government via television as we are over the way that newspaper men were sent to The Tower, right up to the end of the 18th century, for daring to report Parliament.

Any politician still in doubt about the wisdom of having the cameras in need only go back to a videotape recording of that BBC budget programme in order to be convinced. He will find that the BBC's P.O. that I mentioned at the beginning—Pundit Overload—is so pronounced on programmes such as these that for long periods nobody manages to say anything at all.

In a typical sequence of ring-a-roses Mr. Healey's speech would be interrupted by Sue Lawley who would re-read his last remark off a monitor (or mis-read it, as in "Employment is too high"). She would then "go over" to Robin Day, who, after another completely pointless interlocution, would invite the opinion of Hugh Scanlon and then, almost before the man had had time to open his mouth, "hand us back" to the live sound relay.

It would have made far better sense for the highly articulate economist Peter Oppenheimer, one of two pundits sitting at Sue Lawley's desk, to have handled the whole thing on his own. With his background in drama (Cassius in *Julius Caesar*) and in revue (*Acute Angles*) and his easy command of radio and television demonstrated more recently it is pretty clear that he would have had no difficulty in handling the presentation as well as the expert commentary.

On ITN Alastair Burnet, former editor of The Economist, did just that, summarising the speech as it progressed and adding the occasional quick explanation or comment. Even then ITN was still too cluttered, what with Peter Snow and Sissons and trips to the City and to a factory, but it was not made virtually unwatchable by P.O. as *Nationwide* was.

Cameras in Parliament and at most two commentators in the studio should be the aim for the spring budget next year.

Cottesloe

Don Juan Comes Back From The War

by ANTHONY CURTIS

The National Theatre introduced us to the work of the Austro-Hungarian playwright Odon von Horvath in January last year with Christopher Hampton's English version of his *Tales from the Vienna Woods*. That was a crowded and cumbersome work which spilled across the *arena stage of the Olivier Theatre*. Maximilian Schell was co-opted as director to give the production a true Horvathian flavour. This time we have Horvath working on a scale where his work may be happily contained by the smaller yet adaptable Cottesloe Theatre. Mr. Hampton is once again responsible for the eminently speakable text and Stewart Trotter is in charge of the direction.

The period is slightly earlier than that of *Tales*: the Armistice has only just been signed, the hero still in his soldier's uniform, determined to seek out *the girl he left behind him*. In fact she has died of remorse at the brutal way he treated her but it takes him a good 90 minutes (the piece is played without an interval) to discover this and he becomes diverted from his quest by various adventures with a variety of different *women against the familiar* Horvathian background of inflation and profiteering to which is *added here* the lethal post-war 'flu epidemic.

We have the piquant spectacle of a play containing only one male part but 35 female ones which are doubled and trebled by the dozen talented ladies whom the National Theatre has mustered for the event. Among this dazzling display of quick-change artistry pity the reviewer, trying to identify the actress concerned. The scenes are short, ending with blackouts during which the set may be rapidly changed to suggest the hospital, lodging-house, ice-rink, box at the opera, café, cemetery, or wherever else his fatal attraction for women leads our repentant hero.

When it is not being self-consciously cynical the story is a thoroughly sentimental one end*ing with a graveside penitence* in driving snow that might have come straight out of *The Bells*, but the stage-picture is always arresting and the string of cameo performances with which it is graced are a constant delight. I am sure I shall get into a muddle over Susan Littler and Susan Fleetwood but *luckily they are* both excellent as nurses, batik artists, street walkers, jealous daughters et. al. and so is Janet Whiteside as an ageing soubrette and an angry mother, and Elspeth March as an even angrier grandmother and Judy Bowker as a liberated slavey and Irene Gorst as a second woman in the food queue . . . but stop! Enough, or there will be no space to praise the Don himself.

That really would be a pity because Daniel Massey holds the whole thing together with great authority and charm. As an ex-soldier he starts re*generated through* having survived the war but he ends completely abased and humiliated, a victim of the social pressures of the vicious peace. Mr. Massey puts this across with subtlety and style. His face registers blow by blow the failure of the romantic ideal.

Janet Whiteside and Daniel Massey

Elizabeth Hall

Academy of Ancient Music

by ARTHUR JACOBS

The sight as well as the sound is unfamiliar. Though the presence of an odd lute, harpsichord, or baroque oboe on the concert platform hardly excites remark these days, a full baroque band of 33 players is a rarity indeed. With necessary exceptions such as the cellists (who grab their instrument between the legs, disdaining the modern spike), the members of the Academy of Ancient Music stand while playing. In such ways Christopher Hogwood, the Academy's founder-director, attempts to re-create the 18th-century model. But he reasonably allowed himself on Monday to quit the harpsichord and to direct most of Handel's *Water Music* with a modern conductor's gestures.

The blend of historical insight and performers' flair has already won its public. In a justly praised series of recordings the Academy has ranged from Purcell to Geminiani, and now a virtually full house greeted a programme in which only the *Water Music* could exert the pull of familiarity. Here the graceful lilt and well-turned phrasing were to be relished, especially in those movements demanding French-style rhythmic inequalities. I only wondered why, in one celebrated *Air*, an *appoggiatura* had been imposed on the opening phrase but not on its companion.

Rather naughtily (considering that even an 80-piece symphony orchestra lists its members) the programme failed to name the individual participants. The string section was wholly admirable, from the distinctive tone of the gut-strung violins to the astonishingly nimble articulation of the single violone (equivalent to double-bass). A *few blobs and bubbles from the* valveless horns have probably to be suffered, but the Academy should be able to find a first oboe with more of a virtuoso's temperament and not such an inclination to misplace musical accents.

A member of the Academy and a star in his own right is Stephen Preston, the Galway of the 18th-century wooden flute, who played an agreeable concerto in D by Quantz—accompanied, as would certainly be considered legitimate in those days, by a string quintet and harpsichord rather than a full band. Quant's royal master, Frederick the Great, was represented by a capable symphony (no. 3 in D) and C. P. E. Bach by another. I do not doubt that the sheer novelty of instrumental tone-colour distracts us to-day from a certain dullness in his musical repertory and a lack of contrast between loud and soft in the performance. Abundance may sate us. But for the present, London music has no more valuable constituent than Mr. Hogwood's Academy.

'The Jewels of the Madonna' at Clifton

The Bristol Opera Company's 1978 production of *The Jewels of the Madonna* opens this evening, Wednesday, at the Victoria Rooms Theatre, Clifton, and runs for four consecutive evenings, starting at 7.30. This year's choice, by Wolf-Ferrari, is not a Venetian comedy like several of this composer's works, but a crime story set in Naples in the early years of this century.

The opera, a great favourite before and after the First World War, was notably associated at Covent Garden and at the Metropolitan, New York, with the famous soprano Maria Jeritza.

New chairman for National Book League

Simon Hornby, retail director of the W. H. Smith organisation, has been appointed chairman of the National Book League. He succeeds Michael Holroyd the biographer.

Margaret Drabble, the novelist, has been elected deputy chairman.

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Keep talking on Rhodesia

DR. DAVID OWEN, the British Foreign Secretary and Mr. Cyrus Vance, the U.S. Secretary of State, have returned from southern Africa almost empty handed. The original object of their mission is unachieved. They wanted to hold an all-party conference on Rhodesia, which, it was suggested only two weeks ago, should convene on April 25. But their talks with the nationalist Patriotic Front and with the black and white leaders of the interim government in Salisbury have shown just how far apart the warring sides still are. Equally they have been unable to draw much comfort from their discussions with South Africa and with representatives of the frontline African states, which respectively are best placed to bring pressure on the Rhodesian parties to negotiate.

Flexible

When the two ministers left for Africa, they were given the impression by the frontline States that the stand of the Patriotic Front on the Anglo-American proposals was now more flexible, and in a sense it was. The Front has apparently now agreed that Lord Carver, the British resident commissioner designate, should have full control of security during an interim stage leading to majority rule elections, while it has also accepted that there should be a UN force in Rhodesia during that time. But this change is less significant when put against the PF's new demands that it should supply men for an interim police force — a completely new suggestion which is well outside the Anglo-American plan: or when set against the apparent determination of the interim government in Salisbury to stick by its "internal settlement" which, of course, is anathema to the Patriotic Front.

The gap between the two sides, even though neither has rejected the idea of some future conference, has therefore not been narrowed at all as a result of the Owen-Vance mission. Indeed, though it cannot be said to be the fault of the Foreign Ministers, the gap has actually widened, or at least become significantly more dangerous, in the past few weeks. Bishop Muzorewa and the Rev. Sithole, the two most prominent black nationalists in the new interim government are now allied with Mr. Ian Smith, and the army which previously fought for the white government alone is now also fighting for Bishop Muzorewa and Rev. Sithole. What has long been a political struggle for power between rival black nationalists has thus now turned into a military contest. There is in the words of Mr. Andrew Young, the U.N. Ambassador to the UN, an imminent danger of a "black on black" civil war.

But even that does not fully describe the gravity of the problem. Though the war — combined with the effects of the continuing world recession — is taking a particularly heavy toll of the Rhodesian economy, and thus on Rhodesia's ability to fight, there is an effective stalemate between the forces of the two sides. The Patriotic Front may be able to call on 20,000 men in the field, but there is no sign that they are winning, or can soon win, the war against the greater efficiency of the Rhodesian forces.

As things stand currently, neither side is winning and therefore both sides could well soon be tempted to call on external allies to help them win. The South Africans are far from willing to send troops to Rhodesia, and the black members of the Government there might well be loth to ask for them.

Open door

The real intentions of the Cubans and Russians in southern Africa are not known, but both the Rhodesian guerilla organisations and the frontline States which harbour them have publicly said they do not want foreign troops to enter the war. Yet if one side or the other did feel impelled to seek help, there can be little doubt that what is now a localised if increasingly bitter war could quickly become internationalised.

It is to try to avert these dangers that both Dr. Owen and Mr. Vance insist that the door to negotiations must be left open, even if the prospects of a successful all-party conference now seem remote. It may well be that in the present circumstances, Bishop Muzorewa and the Rev. Sithole would have more popular support, were all Rhodesians able to go freely to the polls. But the key to a Rhodesian solution is that the warring sides must talk if the fighting is to stop. For this reason alone Dr. Owen and Mr. Vance are right to try to keep the talking going.

Bank charges to rise

THE LONDON clearing banks, and the other banks whose activities have been under review by the Price Commission, need have only minor reservations about its report. The inquiry was ostensibly into the charges they make for money transmission services. The Commission has not confined itself entirely to this field, since it found that it was impracticable to isolate one sphere of banking activity from another.

So far as money transmission as such is concerned, however, it reaches two conclusions that fully justify the banks in their wish to raise charges. The first is that, in most respects, money transmission services in this country compare favourably in efficiency with those available abroad, and that the charges made for them are not in general excessive. The second is that the profitability of bank operations as a whole is low, especially in terms of inflation accounting, and that it is only by raising money through new issues that they have been able roughly to maintain the ratio of free capital to deposits over the past few years.

Closer fit

The case for raising the general level of charges, however, depends very much on the level of interest rates. As a condition of approving a rise, therefore, the Commission suggests that individual charges for personal (and smaller corporate) customers should be related more closely to the individual cost of handling their current accounts. Whether this should be done by paying interest on current accounts or relating the abatement scale to the changing level of interest rates is a matter that the Commission leaves for the banks to decide for themselves on the basis of competition: there is a difference of advantage here between the customer who would have to pay tax on interest and the lower-income customer who would probably have to pay more in any case. The relative simplicity of the current charging system, which enables potential customers to compare one bank's terms easily with those of its competitors, will go, but there is logic in the Commission's case.

Some of its other suggestions may be less popular with the banks. The most commonly discussed, that the banks should aim at disclosing their general provisions for bad and doubtful debts, does not seem likely to come up against quite as much resistance as seemed likely. But the idea that the Bank of England should regulate membership of the Clearing House and the allocation of costs between members is only more controversial than the suggestion that full membership of the Committee of London Clearing Bankers should be open to all substantial retail banks.

Free capital

The case for more flexible opening hours is one that the bank managements would themselves accept to some extent, pleading that it is the unions and staff associations which oppose reversing the changes made some time ago. The big clearers, unless they can solve this problem, will have to invest heavily in alternative outlets if they are to stand up to the new competition of bodies like the Co-op and the Trustee Savings Banks.

Beyond the individual recommendations of the Price Commission, however, there are two general points which the banks will have very much in mind. The first is that all their joint working arrangements will sooner or later be investigated by the Restrictive Practices Court from the point of view of the public interest: they are not over their last hurdle yet by any means. The second is that current account charges make up so small a part of their total income that increases in these alone will do little to increase their profits and augment their free capital. For this, as the Price Commission points out, they must look more to their lending business and their ancillary activities.

Britain torn between U.S. and the European connection

By MICHAEL DONNE, Aerospace Correspondent

THE CONTROVERSY now developing over Britain's future civil aerospace policies is likely to become one of the most bitterly contested aviation arguments for many years, and one which is likely to pose a major dilemma for the Government. How it is settled could influence, for the rest of this century, not only the purchasing policies of British Airways, but also the long-term manufacturing programmes of British Aerospace (the nationalised aircraft group), and the long-term future of Rolls-Royce, and especially its RB-211 engine.

Behind the controversy lies the need for two decisions over the next few weeks. Although they can be taken separately in terms of time-scale, they are linked because each will affect long-term civil aviation in Britain.

Larger type of jet

The first issue is the desire of British Airways to buy 19 Boeing 737 short-haul jet airliners, seating about 120 passengers, to replace ageing Trident Ones and Twos by 1980. Eventually by the mid-1980s, British Airways will need to buy another new, but larger type of short-range jet seating 160-180 passengers, to replace Trident Threes as well as to meet growing traffic. BA is not yet committed to anything in the latter case, but believes that one of the new family of jets proposed by Boeing, the twin-engined 757, would be most suitable.

By seeking the 737, BA is accused of rejecting the modified version of the British One-Eleven, the Series 600. Also, by leaning towards the 757, the airline is accused of striking a body blow at the possibility of British participation in the development of a rival European aircraft, the Joint European Transport, or JET, which will use a Franco-American engine. Against this, the airline can point to the fact that Boeing has offered Britain a substantial partnership in development and manufacture of the 757, which would make the aircraft a major Anglo-American aeroplane, complete with Rolls-Royce engines.

British Airways' case for wanting to use more American-built aircraft is based simply upon its belief that they are best. It is supported in this by the fact that the Boeing 737 is now one of the world's highest-selling jets, with 554 sold to 71 customers world-wide. The monthly production of three at Boeing's Renton plant in Seattle is to be raised to four in July, then to five in November, and seven next April. The 737 will be built through the 1980s, and Boeing says the jet is capable of meeting the increasingly stringent international noise rules already being prepared for 1986.

British Airways wants it because it will seat up to 128 passengers, and will be more profitable than the One-Eleven which, at best, can only seat 109. BA says that while a fleet of 19 737s will cost £140m., against £129m. for a comparable fleet of One-Elevens, the 737's operating profits will be £10m. higher per year for the fleet, or £140m. over a 14-year life.

British Aerospace has not yet responded to these arguments in detail but there is no doubt that the One-Eleven is a very slow seller compared with the 737, with total sales so far of 220. British Aerospace says, however, that it is negotiating sales in Romania and Japan, and that there is a possibility of production under licence in both countries, which would keep One-Eleven production going for many years to come. The company fears that a British Airways 737 purchase would damage these sales prospects.

It is because of rising demand for the 737 and the need to plan now for the production schedules of 1980, that Boeing would like some indication soon from British Airways about whether or not it intends to proceed with its purchase; the contractual details being settled later. This is not an ultimatum by Boeing, merely prudent arranging of manufacturing schedules. If demand for the 737 continues to increase, Boeing may have to raise the production rate further before 1980.

The second issue is whether or not British Airways buys the bigger Boeing 757 for the mid-1980s. It is a much more significant one, for it is closely linked with the overall direction of a big slice of the U.K. civil aircraft manufacturing industry for the rest of this century. The choice is whether Britain links with France and West Germany to help develop the twin-engined, short-range Joint European Transport (or JET), in various versions, seating between 130-163, or whether it accepts an offer from Boeing of collaboration on the rival 757, which is the aircraft British Airways really wants eventually to replace its Trident Threes.

So far, comparatively little has been said about the JET programme, because it is still evolving. A joint marketing team from the major companies involved, including British Aerospace, Aérospatiale and Messerschmitt-Bolkow-Blohm, has been sounding the views of over 30 airlines world-wide in recent weeks, and gauging the potential level of interest. On the results of this study, the European partners, will have to decide whether or not to go ahead. But other issues will also have to be settled, such as the way in which the costs of the venture, and the work involved, will be shared between the participants, and in particular the question of who gets the design leadership and the final assembly.

One suggestion is that if the work is undertaken at all, it should be under the aegis of Airbus Industrie, the group which is already Franco-German dominated and is building the existing A-300 Airbus. But British Aerospace says it is finding it difficult to get from Airbus Industrie the financial information it needs to reach any decision to commit itself to that organisation. The JET talks themselves have been far from smooth, with difficulties over settling the work and cost sharing. Moreover, the JET will use the Franco-American CFM-56 engine, so that even if British Aerospace went ahead in partnership with Europe on the JET, Rolls-Royce would get no share of it.

By comparison, the Boeing plans seem much more definite —as well they might, having so far cost that company over $200m. to prepare, with more than 1,400 engineers working on them. Boeing is planning a new family of three jets for the 1980s, to meet an estimated market for 3,000 aircraft, worth over £37bn. One is the twin-engined, short-haul 757, seating up to 180, which will supplement and eventually replace the best-selling 727 jet. The 757 will use many parts of the 727, but could use two of the new Rolls-Royce "cropped fan" versions of the RB-211 engine, the Dash 535 of 32,000 lbs thrust. Next is the bigger, 200-seater twin-engined 767, which would have the higher-thrust engines, such as the Rolls-Royce RB-211 Dash 22 of 42,000 lbs. The third member of the family is the 777, a tri-jet, also a 200-seater, but with long range, and using "cropped fan" engines like the Dash 535. There will be variants of all these types to suit different airlines' needs. Total anticipated investment by Boeing is between $1.5bn. and $2bn., and the company is already actively marketing the aircraft. The first launching orders (from United and American) may come this summer.

Boeing is determined to make all three jets, but realises it will be stretching itself, not only financially but also in terms of engineering labour and factory space. So it is looking for partners. It already has an agreement with Aeritalia of Italy for help on the 767, and may also sign up with Japan. But primarily, it wants to do the bulk of the 767 and 777 itself, and is extending its big Jumbo jet factory at Everett north of Seattle, to cope with the programme. But it sees its main markets for the smaller 757 lying outside the U.S.—especially in Europe—where it could meet competition from the JET. So it is looking to Britain for help. Boeing has a healthy respect for the U.K. aerospace industry, and is not anxious to see Britain linked with the JET programme. By offering the U.K. a big share of the 757, it can not only limit competition from the JET, but also help ensure the success of its own aircraft.

Boeing is suggesting that the U.K. should join it in a risk-bearing sub-contractor role — that is putting up capital pro rata with the work Britain gets, and taking a chance on the ultimate success of the venture. The result, in effect, would be an Anglo-American aircraft. Boeing would make all the parts derived from the existing 727—it makes them already so there is no point in changing to a new manufacturer — but Britain would get detailed design, development and production of all the new parts. This means the wings, landing gear, fuselage extension, and nacelles, equivalent to about 40 per cent of the airframe.

If Rolls-Royce RB-211 engines are included, the U.K.'s share of the work would rise to over 55 per cent, while Boeing is also ready to negotiate final assembly and flight testing in the U.K.—which would raise the share further to probably well over 70 per cent. Boeing would retain overall control, and the marketing and the aircraft would still be called the Boeing 757 — no bad thing, because it is largely on Boeing's reputation that initial sales will be made.

Boeing stresses the whole venture is open to negotiation. The total investment would be about $500m. of which the British share would be upwards of $300m. depending on how much of the work it wanted. Boeing suggests the non-recurring costs could be spread over the first 500 aircraft, and that probable eventual sales would be over 1,000 — an indication of Boeing's confidence in its own ability to dominate world markets.

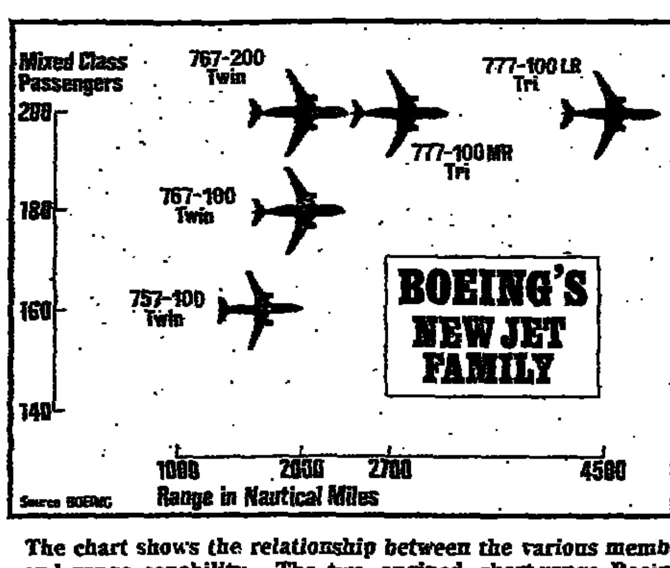
British Aerospace claims that Boeing's plans have been spelled out only in the briefest form, in a letter to Lord Beswick, chairman of the U.K. group. Boeing admits that, so far, it has not been able to get to the negotiating table, but says this is because British Aerospace declines to discuss the matter while still negotiating with the Europeans on the JET. British Aerospace admits that it has a "gentleman's agreement" with the Europeans not to open negotiations with others while the JET is still evolving.

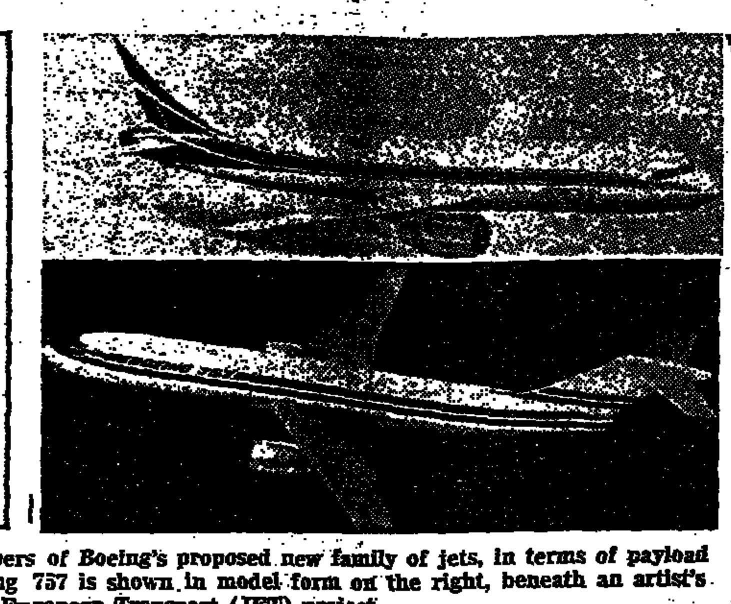
This appears to indicate that British Aerospace has no intention of even discussing the matter further, unless and until the JET talks break down. This attitude surprises Boeing, which says it is making a genuine offer, on a strictly business basis. Boeing also says that it cannot hold out its offer indefinitely, and that unless it gets some indication soon of at least a willingness to talk, it will have to look elsewhere. The reason is the time-scale for the aircraft's development. Boeing wants to start the 767 first, then the 777, and then the 757 — but all of them over the next nine months or so. This means that detailed discussions with sub-contractors and risk-sharing partners must start within the next few months.

Mr. E. H. Boullioun, president of Boeing's Commercial Airplane Company, says that if he holds on beyond about mid-May, he would be hurting his own company's long-term plans. He also points out that there are some big manufacturers in the U.S. — Rockwell, General Dynamics, Rohr Industries and others — who would be only too willing to get into the 757 programme on the same basis now offered to Britain. "All of our sub-contractors have made money," says Mr. Boullioun, "and some of them have made more than we have. What do you want in Britain — money and work — or pride?"

Weighing the facts

What the Government must now discover in this complex situation is just how many long-term jobs, how much investment and what profits are likely to accrue, from participation in either the European JET programme or the Boeing 757. Either way British Aerospace gets something. The question is which is best. It must weigh the fact that by going with Europe, there is no future in JET for Rolls-Royce, whereas there could be a big future in the RB-211 in both the 757 and the 767/777 aircraft. There is also the fact that British Airways, for its own commercial reasons, believes the Boeing road is best, both on 737s and eventually 757s. At the same time, it must also be faced that the Europeans are already beginning to find their work cut out to meet growing demand for the Airbus and to press ahead with their plans to build a smaller 200-seat version, the B-10, using U.S. General Electric engines.





The chart shows the relationship between the various members of Boeing's proposed new family of jets, in terms of payload and range capability. The two engined, short-range Boeing 757 is shown in model form on the right, beneath an artist's impression of the rival Joint European Transport (JET) project.

MEN AND MATTERS

Slightly below the belt

The Middle East storm that has been blowing up about some unfortunately decorated underpants has finally produced an abject apology from Marks and Spencer. Perhaps the threat from as far away as Kuwait to mount a campaign to prevent Arab tourists from coming to London has driven M and S to issue a statement regretting that it has "unwittingly offended religious convictions." It also points out that the underpants were withdrawn from sale in all branches last month.

The offending garments were designed in Paris and the motif on the hip was thought by buyers to be just a piece of abstract art. In fact, it was a 13th-century Kufic script saying "There is no God but Allah . . ." This oddity was not noticed, as far as is known, by any of the myriad Middle East shoppers in Oxford Street, but by a distinguished British scholar of Arabic. Soon, the painful truth found its way into print.

In the Middle East, reaction has been hectic, with predictable accusations that M and S were engaging in calculated Zionist insults. A long editorial in the Egyptian Gazette, entitled "Scraping the Bottom" contrived to bring in Hitler, punk rock, and the Ku Klux Klan. To make things possibly still more emotive, the underpants were translated into knickers. Yesterday's M and S apology lacked any frills and its spokesmen were terse on the topic; so I have not discovered who was the erring Gallic designer.

Change needed

Peter Rost, MP and stockbroker, explained to me yesterday why he is harassing the Treasury, and Prices Minister Roy Hattersley, about what he calls "Britain's only growth industry." Rost is referring to tourism and his particular anxiety is over the activities of some less reputable bureaux de change.

Yesterday he had eight questions on the Order Paper for the Treasury on this subject; he expects answers on Thursday. He says that a written reply from Hattersley earlier this week was "most unsatisfactory."

Accompanying an American girl student who was doing research for him on energy, Rost made a round of bureaux in London. He says: "We are in danger of becoming viewed as a nation of racketeers. It may even damage our whole export drive. He says that rates offered for major European currencies vary far too widely and commissions go up to 4 per cent—or even 6 per cent after market hours."

Rost maintains the Director of Fair Trading should make regular inspections of the bureaux. "I also think the British Tourist Authority has a big responsibility," he says.

Jobs before history

Merseyside's mounting unemployment may be a key factor in to-day's vote by Liverpool City Council about the fate of the historic Lyceum Club. There are plans to demolish the club, built in 1802, and Viking Development want to erect shops instead. Conservationists are putting up a last-ditch battle, but the planning committee has passed, by one vote, the demolition scheme.

I gather that Labour councillors are swayed by the thought that the scheme will give 122 building jobs for 22 months. The Liberals, second largest party in Liverpool, are backing an alternative idea that would save the club's neo-classic frontage. But with local elections only three weeks away, the developers' plan for being on site by July may carry the day.

Crumbs of hope

While Frank Pye was talking to me yesterday afternoon from a baker's shop in Ipswich, the manageress was in tears beside him. The shop is part of the Matthé chain, bought up by Spillers five years ago and due to shut on Saturday following the recent decision by Spillers to get out of baking. Pye, an area manager in Norfolk and Suffolk for the group, was taking final orders for the shop. "All the 300 people who face being made redundant are terribly upset," he told me. "So are the customers. Yesterday in Saxmundham an old lady came up to me and tried to hand over £200 in notes to help save the local shop. I could not take it, of course."

Pye is leading the campaign to try to keep some of the shops going under the control of their existing staffs. "There are eight leasehold Matthé shops 'we might be able to find the money for, but the other 25 or so would be too expensive for us." Pye said only about six of the 300 people involved belonged to trade unions. "There is nothing political at all about our efforts," he said. When I told him that the Bakers Union was threatening an overtime ban because of the Spillers' shutdown, he said it seemed a poor idea.

The Matthé bakeries have been in existence since 1898 and some employees have half a century's service behind them. "We know the shops are profitable," says Pye, who has himself been with the group for 26 years. "If we can save some of the shops, we shall buy bread from independent bakeries. But time is so short."

A petition from employees was sent by Keith Stainton, Tory MP for Sudbury and Woodbridge, to Spillers chairman Michael Vernon on Monday. Yesterday afternoon, Stainton called to see Vernon at the company's head office in the City. Afterwards, Vernon told me: "I think Mr. Stainton was well satisfied with our discussions: We are keenly aware of the problem and I hope that more than half of the shops will stay open. A variety of negotiations are in progress to sell some of them. I shall be delighted if the manageresses of the leasehold shops can arrange to take them over."

Slightly cracked

A friend in Cardiff tells me he has just bought some cups and saucers stamped with the baffling inscription. "Cornish Masterpiece—Made in Ireland." At least they are all Celts. . . .

Lloyd's—sorting out a foreign dilemma

By JOHN MOORE

THIS MORNING at their regular weekly meeting the 16 members of the Committee of Lloyd's of London, the administrative body of the world's leading insurance community, will discuss whether they are prepared to accept the principle of foreign ownership of a major Lloyd's broker.

The issue arises from last week's announcement of a bid by Frank B. Hall, the third largest quoted U.S. insurance broker, for Lloyd's broker Leslie and Godwin; and from the more closely guarded bid talks currently underway between Marsh and McLennan, the number one U.S. broker, with Wigham Poland.

The latest moves by the Americans are a logical consequence of the extensive network of U.S. and Lloyd's brokers links that have built up over the last few years. American brokers have forged links with Lloyd's brokers in two ways; first, by putting large volumes of business with Lloyd's through Lloyd's brokers, and secondly by often taking large shareholdings in Lloyd's brokers, although until now without a full controlling stake.

The Americans like Lloyd's and the way that it handles their business. What they have not liked is the split of the commission which has had to be made between themselves and Lloyd's brokers.

Nearly 300 Lloyd's broking firms will be awaiting the outcome of to-day's meeting with some anxiety, and with good cause. All business that is placed with Lloyd's has to come through an approved Lloyd's broker — admitted at the discretion of the Committee subject to the broker's integrity, experience and financial standing proving satisfactory. So if foreign ownership of Lloyd's is agreed in principle the volume of business handled by the U.K. brokers in this way could shrink and with it their commission.

Although foreign ownership of a Lloyd's broker is not without precedent, such that exist are relatively minor cases. It is at this morning's meeting that the issue will receive its first serious discussion, and there will be much argument among the members over whether the famed Lloyd's exclusiveness should be breached or maintained.

This debate is being conducted at a time when Lloyd's is under pressure probably as never before as international competition bites deep into its traditional markets and public doubts grow about Lloyd's future role.

Lloyd's itself indicated earlier this year that all was far from well. Mr. Robert Kiln, a member of the Committee of Lloyd's, warned that although 1975, 1976, and probably 1977 would be profitable years at Lloyd's, "there has naturally grown up in the past three years a great sense of euphoria," because of the absence of major catastrophes such as the hurricane Betsy of 1965 or the Darwin disaster of 1974.

The policy, he explained, had been one of "get the money in." It did not matter if rates had to be cut to do so. "There is unwise underwriting going on in the London market and there has been for the past 12 months," he added. "There is a lot of competition for our business — some of it very unsound from overseas markets."

Other top Lloyd's underwriters are now speaking out openly about the conditions. Mr. John Oliver, a marine specialist, said "the recession in shipping is more serious than ever. With not as much cargo being shipped around the world there is not anything like enough new vessels being built for us to insure. The competition is more intense than we ever experienced."

On the aviation side Mr. Neill Hill, chairman of the Lloyd's Aviation Underwriters Association said, "the insurance market has grown faster than the demands of the airlines. When that happens you are bound to get weakness in the premium rates. Competition has kept the rates down even though the values of the risks are going up."

In other markets Mr. Murray Lawrence, chairman of the Lloyd's Non-Marine Underwriters Asociation, said "after 1974 and the horrors of the Darwin obliteration there was some correction in premium rates. But people have short memories, and markets have become competitive. On general property insurance the rate levels are now lower than they were pre-Darwin."

The trading situation has worsened at Lloyd's to the extent that in some syndicates the number of members being introduced may well have to be restricted because it is becoming increasingly difficult to feed new members with profitable business.

But the structure of the Lloyd's market militates against any kind of discipline over rates being imposed. Mr. Ian Findlay, who has just completed his first 100 days as Chairman of Lloyd's explained: "The whole concept of Lloyd's rests upon individualism. It not only competes with other markets, it competes amongst itself."

In fact there are 330 underwriting syndicates each competing with each other, as well as with outside insurance markets. Syndicates are composed of several hundred underwriting members (or names as they are called) or in some instances only a handful, and can specialise in one class of risk, although most cover a broad spread of business.

But whatever short-term restrictions might have to be placed on the number of new underwriting members seeking admission to Lloyd's, new members will always be needed. The Cromer Report, commissioned by Lloyd's in 1968 and completed in 1970, concluded that "although a small select spread of risks may seem safe, in the long run Lloyd's will lose if the insured or their agents believe that Lloyd's has not the capacity or the will to underwrite large scale risks or that the rates are too high. Steps should be taken to increase the capacity of Lloyd's and to attract business that may be by-passing Lloyd's."

Since then capacity has increased: membership of 14,297 is more than double what it was in 1970. Over the same period premium income has risen at a similar rate to around £2bn. a year.

It is this access to a membership that is prepared to accept unlimited liability, as well as attractive tax advantages, that makes Lloyd's such a unique market and gives it its much envied flexibility.

The normal means requirement is £75,000 in readily realisable assets, although there is a special provision for accepting "mini-names" showing as little as £37,500. And under the rules of Lloyd's each member is liable for his share of the risks accepted. If necessary his entire personal assets must be realised to pay the claim.

Some control can be imposed on the flow of names brought forward to the market by underwriting agents but little can be done about the premium rates. One chairman of the four main underwriting associations said: "It's a continual battle to keep people in some semblance of order. It is a large market and you have very little control. If we interfered in underwriting matters such as ratings there would be an outcry from our members."

Mr. Findlay reinforced the point. "It is not the function of the Committee of Lloyd's to oversee an underwriter to ensure that he is writing the right risks at the right rates or that he is paying the right claims. It would be quite wrong for the Committee to take a more interventionist role. Lloyd's would not be Lloyd's if it did."

But the competition continues to grow. The proportion of foreign insurance companies represented in London is greater than in any other continental market (with the possible exception of Brussels) and is still increasing. In the past Lloyd's only had to compete seriously with a local market for the local business. Now foreign insurers are also fighting for that local business, and as a result premium rates are becoming keener, much to the incredulity of Lloyd's who cannot understand how the competition keeps in business. Its competitors are offering lower premiums than Lloyd's while their expenses are much higher than Lloyd's.

One explanation offered by the specialist aviation and marine markets is that perhaps the foreign competitor is buttressed by a greater proportion of non-marine business than Lloyd's and so is able to attempt to penetrate traditional Lloyd's markets in vigorous fashion. But the general feeling is that many overseas insurers are over-extending themselves.

To some extent Lloyd's has been helped in recent years by the conditions in the U.S. market. America's importance as a Lloyd's market increased substantially in 1974, when rapid inflation, a collapsing stock market and disastrous underwriting results all put pressure on the capital bases of the U.S. insurer. As a consequence there was a shortage of underwriting capacity. The demand which could not be met by the local U.S. market found its way to Lloyd's.

The search for new business can however bring problems. The best interests of the Lloyd's market may not always be uppermost in the minds of those that produce the business, whose first loyalty anyway is to the insured rather than the insurer.

This is a growing worry. Already this year there has been an unusual degree of publicity about what Lloyd's would regard as "embarrassing" claims.

While markets remain so competitive there is pressure on all Lloyd's syndicates to take whatever business is going, whatever its quality. The result is that the trend towards poor quality underwriting of poor risks could increase rather than decrease in the future.

The attitude of the Committee of Lloyd's to this is typically phlegmatic. It accepts that in any large market there are always people who will not conform with accepted standards, and it stresses that the bigger anything grows then the more difficult it is to control the excesses.

When abuses of its market do occur Lloyd's acts swiftly. But the Lloyd's attitude of cure rather than prevention is cold comfort to those members who have come forward and provided the vital Lloyd's capacity. As one underwriter explained, "Our security is now no longer provided by really wealthy people. So it is now much more a part of our job to make a profit for them than it is to carry large risks. For whether they are wealthy or not they still stick their necks out for their collective wealth."

Whatever happens to other markets Lloyd's says that it will survive best. Lloyd's experience has shown that as new insurance markets open up, the competition increases, insurers write their underwriting accounts into a loss; and then a sudden deterioration in the markets leads the newcomers to pull out. There is then a shortage of markets and rates go up again.

Of course, Lloyd's has weathered many such cycles. But with each successive downturn Lloyd's takes fresh knocks. Lloyd's of London is not quite the league of amateur gentlemen that it used to be and claims that it has acquired a wholly professional image.

But it is experiencing some of the classic problems of growth, at a time when it is trying to preserve uncontrolled entrepreneural traditions laid down over 300 years ago. It is a market over which there has been little control, and this tradition, although perhaps lacking any modern-day relevance, is still jealously guarded.

LLOYD'S MEMBERSHIP AND SYNDICATES

	MEMBERSHIP	SYNDICATES					
		Life	Motor	Marine	Aviation	Non-Marine	Total
1965	5,828	6	29	146	26	82	289
1966	6,062	7	31	148	26	80	292
1967	6,079	7	32	138	26	76	279
1968	6,059	7	31	131	30	72	271
1969	6,042	7	31	122	30	73	263
1970	5,999	7	31	119	31	73	261
1971	6,020	8	31	114	30	75	258
1972	6,257	8	33	115	32	78	266
1973	7,105	9	34	112	34	87	276
1974	7,582	11	34	116	34	94	289

UPS AND DOWNS OF LLOYD'S

	PREMIUMS	(£m.) CLAIMS	BALANCE (after other credits and debits)	BALANCE (as % of net premiums)
1965	461.4	501.6	— 37.9	— 8.21
1966	531.3	547.7	— 18.6	— 3.50
1967	601.7	605.0	— 1.6	— 0.27
1968	668.2	644.8	35.6	5.33
1969	693.7	658.8	52.1	7.51
1970	786.8	732.9	65.0	8.26
1971	871.3	795.1	77.4	8.89
1972	957.4	879.5	92.0	9.61
1973	1,190.9	1,128.9	109.7	9.21
1974	1,538.9	1,516.2	81.6	5.30

1977 premium income has been estimated at £2bn.

Letters to the Editor

Accounting for inflation

From Mr. B. A. Rutherford and Mr. P. G. E. Boys.

Sir,—Professor Baxter's article ("Are the Hyde proposals strictly for lemmings?" April 4) contains a number of substantial and damning criticisms of the accounting profession's latest response to the problems of accounting for inflation. We believe, however, that in pointing to one anomaly which results from Hyde's arithmetic, Professor Baxter has pulled his punch.

He considers the case where inventory prices rise but then fall during a single accounting period, leaving prices at the end of the period at the same level as prevailed at the beginning. He demonstrates that in this case, the Hyde proposals will produce a credit to the profit and loss account, arising from adjustments to the historical cost of sales. He argues that, because the change in the historical cost value of stock between the beginning and end of the period is entirely due to changes in the volume of inventory held, such a "correction" to profit is "absurd."

We believe that the adjustment is, on its own terms, perfectly proper. The Hyde cost of sales adjustment serves two purposes: (1) It provides a measure of operating profit which reflects current costs. (2) It provides a means of maintaining physical capital.

However, the physical capital which is maintained by the cost of sales adjustment for any transaction is *not* the capital at the beginning of the accounting period, but rather the capital that has been invested in the stock being sold. The underlying assumption might perhaps be termed "continuous capitalisation." If the retained profit funding the expansion of stock is not itself capitalised, a figure of shareholders' equity grouping opening capital and holding gains or losses based on the assumption of continuous capitalisation will be meaningless.

In the case Professor Baxter cites, average stock volume during the period of falling prices will be higher than when prices were rising. Hence a *net* credit to operating profit will be necessary to correct the overstatement as a result of using historical costs in the period of falling prices, which is greater (because of the higher stock volume) then the *corresponding* understatement from the earlier period. It is improper (given the terms on which the Hyde cost of sales adjustment is calculated) to examine the effect this has on *opening* capital. If opening capital is to be maintained a separate adjustment must be made.

If our explanation is correct, the result obtained by Professor Baxter will be viewed as absurd, not only by those who share his view that the "reliable adjustments of CPP would be far better" than a current value adjustment, but also by those who accept a physical capital maintenance approach, but prefer to maintain opening capital.

B. A. Rutherford,
P. G. E. Boys,
Faculty of Social Sciences,
Eliot College.
The University, Canterbury.

Triggers and steel products

From Mr. Peter D. Ehrenhaft.

Sir,—Passing through London recently after attending the meeting of the GATT Anti-dumping Committee, I read the article in the issue of Saturday, April 8, by your correspondent in Rio, entitled "Pessimism the keynote at Brazil steel meeting." The article concludes with the following statement: "The upsurge of protectionism, particularly the U.S. trigger prices, which mean the American majors can arrange prices more flexibly than EEC members, has made matters worse."

As the U.S. Government official most directly involved in the implementation of your "trigger price mechanism" for imported steel mill products, I find this statement both surprising and disappointing for its lack of understanding of the TPM.

The TPM is solely a device for the U.S. Treasury to determine whether it will make inquiry about steel shipments priced below our "trigger prices." It is not a minimum import price plan; it does not (contrary to the European Community's "basic price" system) prima facie establish a basis for imposing even provisional anti-dumping duties; it does not deny to any company abroad or in the U.S. any rights that previously existed under our Anti-dumping Act. Of course that law did and continues to permit the imposition of price-equalising anti-dumping duties to restore imported steel to its "fair value"—as established by the foreign producer's home market prices, provided those at least cover his costs of production.

The critical point is that the prices of the "U.S. majors" have nothing to do with the level of our "trigger prices." The triggers are set at the costs of production of the world's most efficient industry to help implement an existing law. The U.S. producers can, indeed, be more flexible in their pricing than can companies in the EEC. But that is a function of the lack of price control in our economy and not the Treasury's TPM. So long as foreign steel is offered at not "less than fair value," it will not set off our triggers and will help furnish the discipline to the U.S. price level that this Administration seeks from imported products.

Peter D. Ehrenhaft,
Deputy Assistant Secretary and Special Counsel,
(Tariff Affairs),
Department of the Treasury,
Washington D.C.

Safe storage for LPG

From Mr. D. G. Homfray-Davies.

Sir,—In David Fishlock's article on alternative sources of energy in your issue of April 14, he refers to the report by the Health and Safety Commission on the Hazards of Conventional Sources of Energy. In particular, he quotes from para. 58 to the effect that storage systems for chlorine cannot be constructed, commercially feasibly, to withstand aircraft impact, conventional bombs and nuclear attack. The actual sentence opens with a highly significant phrase which Mr. Fishlock did not quote, perhaps because it was not relevant to his point —or perhaps because he did not believe it, as I do not. The particular sentence opens: "As with LPG systems. ... ." Nowhere else in the report is there any discussion of alternative LPG storage systems, although there have been several catastrophes and public opinion has been understandably alarmed.

Not only is it quite commercially feasible to construct LPG storage systems *so as to* withstand aircraft impact, conventional bombs and probably nuclear attack, but such installations already exist in U.S., France, Germany and Scandinavia. There is well established technology and long experience of constructing unlined caverns underground where LPG is safely stored in large quantities. The methods of pumping LPG in and out of such facilities have been refined to ensure that damage to the surface, even to a substantial depth, will cause no damage to the stored product, the depth of which is usually over 100 metres below the surface.

While Mr. Fishlock's quotation is probably true, the failure of the Health and Safety Commission to make any reference to underground storage when discussing safe methods of storing hazardous materials like LPG is a surprising omission.

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49, Moorgate, E.C.2.

Let sleeping partners lie

From Mr. Gordon Lamb.

Sir,—With regard to your report in to-day's paper that Parliament is to be asked by Mr. Robert Aldye, Tory MP, to approve research to prevent snoring, as loss of sleep for snorer's partners threatened happiness and work.

Even partners of early man were faced with this problem, especially when marauding tribes or wild animals could the easier locate them at night. Their problem was solved by ensuring that each individual slept face downwards with the head supported by the chin. This kept the mouth shut tight and peace prevailed. Modern man must of course dispense with a pillow.

What worries me, is how to keep some sleeping partners in a business quiet!

Gordon D. J. Lamb.
57, West Hill Road,
Luton.

The secret of the ballot

From Mr. M. F. Taylor.

Sir,—In a comparatively short time it seems that this country will hold a general election. I should be grateful if you could lend your weight to an attempt to obtain a genuinely secret ballot.

At each of the last three elections I have complained to the local officials that the number against my name in the register is entered on the counterfoil of my ballot paper. It is thus possible for my vote to be checked against my name at a later date.

I have heard all the assurances that "of course the counterfoils are kept sealed and so are the voting papers after they have been counted, and destroyed subsequently." But I am not so naive as to believe that extreme Right or Left-wing factions in power would hesitate very long if it suited their purpose to check on the way individuals voted.

Will the present Prime Minister and Leader of the Opposition give a pledge that in the next general election our votes will be made truly secret? If not, why not?

M. F. Taylor.
"Robinia,"
Woodside Way,
Penn, Bucks.

Definitions of design

From Mr. Stuart Pugh.

Sir,—The Report of Helen Robinson's speech to the Society of Industrial Artists and Designers which appeared in your columns on April 5, taken together with Sir Peter Carey's remarks reported on March 14 are illustrative not only of the dichotomy of design in the country but also the contributions to this dichotomy brought about by the increasing emphasis being placed nationally on so called "Industrial Design." Efforts continue to reconcile the unreconcilable since "industrial design" as it seems to be understood in the U.K. has and is being developed as a separate design entity to such an extent that the Design Council has had recourse to produce separate definitions for "Indusrtial Designers" and "Engineering Designers" (*Engineering*, February 1978).

"The Industrial Designer is a person who is competent himself to design products having small to medium engineering complexity but high aesthetic significance and to collaborate with engineering designers on the technical aspects of more complex products. The Engineering Designer is a person who is competent himself to design products having medium to high engineering complexity, but whose aesthetic significance is relatively low, and to collaborate with industrial designers where the aesthetic significance is high."

With due humility I would suggest that the statement in respect of the Industrial Designer relating to "small to medium engineering complexity" is extremely dangerous since in my experience even the simplest products require engineering skills of a high order and design skills of the highest calibre in order to produce safe, competitive products. The simplest product, if badly engineered can kill or maim someone if it fails in service and I feel sure that the recipient of such a failure would hardly be concerned as to whether or not the product had aesthetic appeal.

Speaking as a designer who would be classified in current mythology as "Engineering" I would also take issue with the statement that products having "high engineering complexity" have a "relatively low aesthetic significance." This is misleading as aesthetic appeal is always significant whether the product is a toothbrush or a nuclear power station, since whatever the product, the customer sees it first, and thereafter has to live with its performance and appearance. In my opinion the aesthetics of any product are no more or less important than, say, the stress analysis applied to the product during the design stage and which enable it to perform or the choice of production route for its manufacture.

We must get down to clearer thinking, understanding and practice in respect of "Design" as an all-embracing activity having many facets not least of which is aesthetic appeal, while recognising that a design may only be considered successful if it meets a market need or creates a market of its own. I would also make the distinction between successful engineering and successful design since a product which satisfies the latter must also satisfy the former, the converse is not necessarily true and there are many examples around us which prove this point.

Well done Mrs. Robinson; let us attempt to keep the design/market interface in the forefront of thinking, without lapsing into *particularised, artificial* arguments designed to support anomalous situations.

Stuart Pugh,
Smallpeice Reader in Design,
University of Technology,
Loughborough.

To-day's Events

GENERAL

Central Treaty Organisation Foreign Ministers meet, Lancaster House, W.1.

Mr. Albert Booth, Employment Secretary, speaks at Scottish TUC conference, Aberdeen.

CBI Council meets.

Mr. Malcolm Fraser, Australian Prime Minister, begins two-day economic talks in Tokyo with Mr. Takeo Fukuda, Japanese Premier.

Mr. Harold Lever, Chancellor, Duchy of Lancaster, speaks at Small Business Association lunch, Waldorf Hotel, W.C.2.

Mr. Peter Shore, Environment Secretary, speaks at National Council for Building Material Producers' lunch, Savoy Hotel, W.C.2.

PARLIAMENTARY BUSINESS

House of Commons: Wales Bill, committee.

House of Lords: Scotland Bill, committee. Import of Live Fish Bill, report stage. Aviation Security Fund Regulations 1978.

Select Committees: Nationalised Industries (sub-committee B). Subject: Electricity supply industry (re-organisation). Witnesses: Electricity Council (10.45 a.m., Room 8). Expenditure (Social Services and Employment sub-committee). Subject: Employment and training in the new unemployment situation. Witness: Mr. Edward Heath MP, chairman, All-Party Lobby on Youth Affairs (3 p.m., Room 8). Public Accounts. Subject: Appropriation Accounts. Witnesses: Department of Energy; Scottish Development Department (4 p.m., Room 16). Expenditure (Environment sub-committee). Subject: Planning procedures. Witness: Mr. Reginald Freeson, Housing Minister (4 p.m., Room 5). European Legislation. Subject: Oil Stocks. Witness: Mr. Anthony Wedgwood Benn, Energy Secretary (4.15 p.m., Room 15). Overseas Development. Subject: Renegotiation of Lome Convention. Witnesses: European Investment Bank (4.30 p.m., Room 6). Race Relations and Immigration. Subject: Effects on EEC membership of race relations and immigration. Witnesses: Home Office officials (4.30 p.m., Room 14).

OFFICIAL STATISTICS

Basic rates of wages and normal weekly hours (March). Monthly index of average earnings (February). Cyclical indicators for the U.K. economy (March).

COMPANY RESULTS

Burmah Oil (full year). Delta Metal (full year). Sun Life Assurance Society (full year).

COMPANY MEETINGS

See page 23.

COMPANY NEWS + COMMENT

BSG reaches £7.7m. and pays 2.13p.

ON TURNOVER up from £161m. to £205.7m., pre-tax profits of BSG *International* jumped from £3.89m. to £7.74m. for 1977 with £3.21m., *against £1.39m., coming in the* first half.

Basic full year earnings are shown at 10.11p (5.66p) per 10p share on capital increased by last May's one-for-four rights issue and fully diluted at 9.22p. The final dividend is 1.4323p with Treasury permission for a 2.1323p (1.625p) total.

	1977 £000	1976 £000
Turnover	205,700	161,000
Trading profit	10,916	7,603
Share assoc.	311	221
Interest	3,459	3,046
Profit before tax	7,738	3,888
Tax	2,073	1,285
Net profit	5,665	2,603
To outside	424	274
Extraord. credits*	32	-125
Attributable	5,297	2,204
Ordinary dividends	1,373	634
Retained	3,920	1,570

*Comprise profit on sale of properties £161,000 (£197,000), profit on sale of trade investment £207,000 (£12,000 loss), reorganisation and closure expenses £261,000 (£403,000); loss on sale of subsidiaries £2,003 (£13,000 profit), exchange losses not dealt with through reserves £53,000 (£50,003 profit). †Debit.

The accounting policy regarding the translation of overseas assets and liabilities has been changed to conform with ED21 and the tax charge takes account of ED19. Comparatives have been restated following this change. It has not been considered necessary to provide for deferred tax this year, and the deferred tax balance at the end of 1976 has been released to reserves. At the year end reserves stood at £20.4m. (£21.82m.).

Mr. H. G. Cressman, the chairman, says the continued economic strength and consumer demand within Western Europe and the lower interest charges *in the U.K.* have enabled the group to achieve the improved results.

Throughout the year, the retail motor trade in the U.K. was strong in all areas. Although the group

Turnover and pre-interest profit were split as to vehicle distribution £138.2m. (£105.8m.) and £5.1m. (£3.3m.) and manufacturing £67.5m. (£55.2m.) and £6.1m. (£4.5m.).

Of trading profit 24 per cent. was earned by the European companies, compared with 26 per cent. in 1976.

The current year has started on a high note, members are told. U.K. car sales for 1978 are *running at an annual rate* in excess of 1.6m., which is comparable to the record years of 1972 and 1973. This trend, together with the additional spending power resulting from the Budget, will be beneficial to both vehicle dealerships and U.K. motor component manufacturing companies. On the Continent, vehicle produc*tion* is higher than last year.

The industrial fastener and bright drawn steel companies continue to improve.

BSG has started 1978 in a "highly satisfactory manner" and the directors confidently look forward to presenting an even stronger group this time next year.

• comment

BSG has doubled pre-tax profits to £7.7m. in line with market expectations on turnover which is up 28 per cent. In vehicle distribution, which now accounts for about 45 per cent. of pre-interest profits, the profit contribution is up over 50 per cent. at £5.1m. This reflects a 15 per cent. growth in new vehicle sales by BSG, and an overall 8 per cent. improvement in the number of all cars distributed. The group admits that figures here have been helped by the increased demand for vehicles on lease, with this form of finance now accounting for 10 per cent. of car sales against maybe only 5 per cent. the previous year.

On the manufacturing side the picture is mixed, with vehicle component sales at record levels, furniture making losses, and the engineering and aircraft seating businesses just about ticking over. Nevertheless the prospects for 1978 look good with new car sales currently running 26 per cent. ahead, and Ford doing better than average. So prospective pre-tax profits could be in the region of £10½m. The current yield is 7.8 per cent.

M. F. North expands to £0.58m.

TAXABLE PROFIT for 1977 of M. F. North, hotel proprietor, expanded from £445,936 to a peak £582,453, on turnover of £3.54m. against £2.85m.

At halfway, when reporting profit of £115,500 (£39,300), the directors emphasised that the second half profit increase, percentage-wise, could not approach that of the first period.

This was due to the fact that normally for a substantial part of the second half many of the company's *hotels* were substantially full, so that there was little or no room for increased occupancy, they said.

	1977 £	1976 £
Turnover	3,543,391	2,545,950
Hotel trading	3,291,737	2,791,732
Housing development	251,654	54,198
Trading profit	582,307	[illegible]
Quoted invest. income	1,964	1,797
Net interest payable	1,518	1,094
Profit before tax	582,453	445,936
Tax*	266,479	169,324
Net profit	315,974	276,612
Extraord. debit	574	†44,156
From capital reserve	874	‡44,156
Available	315,974	276,612
Dividends	112,550	101,400
Leaving	203,424	175,212

* Includes prior year's credit of £658 (£4,578). † Credit. ‡ To capital reserve.

Yearly earnings are given as 2.95p (2.56p) per 10p share and the dividend total is the maximum permitted 0.907p (0.8125p) net, with a 0.662p final. A one-for-one *scrip issue is proposed.*

The hotel properties of the company were independently revalued as at June 30, 1977, *from* which there was a surplus of £1,034,093 that has been credited to capital reserve.

Setback at Peter Brotherhood

AFTER A first half downturn from £0.49m. to £0.32m., Peter Brotherhood, the machinery and power plant manufacturing concern, estimates pre-tax profits of £0.73m. for the year to March 31, 1978, compared with £1.39m. for 1976-77.

The interim dividend is lifted from 1.625p to 1.815p net per 50p share and if the profit estimate is attained or exceeded the directors intend recommending a final payment of 4.5375p (4.15p).

	1977-78† £000	1976-77 £000
Turnover	10,700	13,555
Trading profit	850	1,616
Interest payable	120	225
Profit before tax	730	1,368
Tax	380	477
Net profit	350	911
Write off	—	152
Leaving	350	729

† Estimate.

Peak £0.6m. for Supra Group

ON TURNOVER ahead from £4.2m. to £5.25m. *taxable profit of Supra Group* climbed £170,255 to a record £607,468 for the year to November 30, 1977, after halfway predictions *of profits in excess of £0.5m.*

A one-for-eight rights issue at 30p is also proposed, and directors intend lifting the dividend total to 1.564p in the current year. A 0.5388p final dividend for 1976-77 takes the total to 0.8513p net per 10p share (0.76227 adjusted for a one-for-ten scrip issue). The directors are subscribing for 171,358 of the new shares, with the remaining 858,809 shares underwritten by James Capel and Company.

The directors say turnover for the first four months of 1977-78 has been substantially ahead of the same period last year.

The full year profit was after *depreciation of £104,431 (£72,299)* and subject to tax of £324,570 (£223,290). After extraordinary items, the attributable profit is *shown at £276,477 (£228,285).* Last year's figures are adjusted for SSAP 9.

Earnings per share of the manufacturer and distributor of motor components, noise control products and paints, are given at 3.43p (2.6p).

• comment

The dividend boosting rights issue will be barely enough to cover the Supra Group's debt of over £220,000. But that should not worry the shareholders who can look forward to an 86 per cent. increase in the net dividend in the current year. Part of the cash proceeds will be earmarked for development and tooling up of the new nylon steering joint factory in Wales which looks set to double its output in the current year. At the trading level most of the *improvement* has come from motor vehicle components while the group's other activities from sound deadening materials and *sealing compounds* to protective and decorative paint have been *more pedestrian performers.* Otherwise a 52 per cent. increase *in exports to £740,000 contributed* to the overall advance. The shares *on an ex-rights price of 42.4p yield* a prospective 5.7 per cent. They *stand on an historic p/e of 12.8.*

Improvement for Estates & General

On higher turnover of *£2.45m.* against £1.11m., pre-tax profit for *1977 of Estates and General Investment* improved from £250,604 to £331,590, with £90,000 against £75,000 coming in the first half.

A final dividend of 0.7p raises the total from 0.8p to 1p net, from *stated earnings of 1.2p (1.04p)* per 20p share.

Tax for the year takes £205,802 (£140,876) and attributable profit *emerged* up from £109,590 to £125,837, after minorities and an *extra-ordinary debit of £155,695* (nil), met by a similar transfer *from reserves.*

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Trust ......int.	1.75‡	June 23	1.35	—	4.65
Beradin Estates	1	May 30	1.01	3	1.01
Peter Brotherhood ......int.	1.82	May 23	1.63	—	5.78
BSG Intl.	1.43†	July 3	1.14	2.13†	1.63
Collett, Dickenson	1.71	June 12	1.53	3.27	2.93
Compton Sons & Webb	1.47	July 3	1.3	1.87	1.69
Cosalt	1.78†	—	1.55	3.08†	2.75
Dowding & Mills ......int.	0.55	June 1	0.5*	—	1.08
Estates & General	0.7	—	0.5	1.0	0.8
Francis Inds.	1.91	—	1.68	3.37	2.53
Hawker Siddeley	2.2	—	1.97	4.09	3.69
Helene of London	0.67	—	0.61	0.67	0.61
Higgs and Hill	1.47	—	1.31	3.43	3.09
Home Charm	2.33	June 2	2.09	3.62	3.28
F. Miller Textiles	0.73	June 23	0.65*	1.45	1.3*
M. F. North	0.66	June 21	0.56	0.91	0.81
Provident Life	4.47	June 9	4.01	8.17	7.38
Supra Group	0.54	July 3	0.48*	0.85	0.76*
Tern-Consulate	1.25	—	0.63	1.65	0.63
Walker & Homer ......int.	0.45	May 31	0.45	—	0.9

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing *for scrip issue.* † On capital increased by rights and/or acquisition issues. ‡ Increased to reduce disparity with final. *Final not less than 3.3p anticipated.*

Higgs and Hill 37.5% higher at £3.1m.

PRE-TAX *profits for 1977 of Higgs* and Hill advanced by 37.5 per cent. *from £2.28m. to £3.13m. on turnover* £4m. higher at £106m.

In September, reporting first-half profits ahead from £0.76m. to *£1.56m., the directors forecast* second-half profits no less than those for the first.

After tax on the ED19 basis of £1.6m. (£1.18m.) *and minorities of* £8,000 (£6,000) the full year attributable *balance is up from* £1.12m. to £1.53m. Deferred tax *has not been provided in 1977 to* the extent of £125,000.

The final dividend is 1.4662p net for a maximum permitted total of *3.432294p (3.093606p including* a supplementary 0.020206p paid with the 1977 *interim).*

The group operates as building and civil engineering contractors and has property interests.

	1977 £000	1976 £000
Turnover	106,000	102,900
Trading profit	3,150	2,775
Exceptional provision	—	500
Profit before tax	3,130	2,275
Tax	1,595	1,158
Net profit	1,535	1,117
To minorities	8	6
Attributable	1,527	1,123
Preference dividends	12	12
Interim Ordinary	150	132
Recommended final	111	99
Extraordinary credit	—	7
To reserves	1,254	887

• comment

Although Higgs and Hill's 38 per cent growth at the pre-tax level came as no great surprise to the market since it was well in line with the group's mid-year expecta*tions, it nonetheless represents* creditable progress against generally hard times for the U.K. construction industry last year. With overseas contracts accounting for only 6 per cent. of turnover, the results indicate that the group's main construction division *held* its own at home. Good returns were also made by its *property division, which* had welcome contributions from its *French operations, and its growing housebuilding division.* Both *these divisions are expected* to give better performances this year. *While the group remains* hopeful of an upturn in the U.K. *construction industry, it clearly* sees an increase in overseas contracts, *as a useful boost to profit*ability; the proportion of overseas turnover is expected to rise to some 20 per cent. this year. The shares at 79p yesterday yield 6.7 per cent. on a p/e of 4.

134% jump by Tern Consulate

AFTER RISING from £38,001 to £65,762 in the first half, pre-tax profits of Tern Consulate, the shirts and ties manufacturing group, finished 1977 134 per cent. higher at £202,993 against £86,725. Turnover increased by 23 per cent. to £4.11m. with exports up 120 per cent. to £0.84m.

Full year earnings are shown at 12.39p (6.14p) per 25p share and subject to Treasury approval the dividend total is hoisted by 164 per cent. from 0.625p to 1.65p net with a final of 1.25p.

Net current assets stand at £973,774 an improvement of 68 per cent., and the return on *average capital employed* was 22.7 per cent. (14.7 per cent.).

Current predictions are that an increase in consumer spending *will take place in 1978 and order* books support this trend.

The group is now beginning to feel real benefit from its re*organisation programme. Last year* it managed to produce a 13 per cent. *increase in volume because* of its improved production *systems.*

In the balance sheet net current *assets have risen from £579,000 to* £973,000, and short term borrowings reduced from £243,627 to £75,000.

On present trends the group *could show an increase of over* 30 per cent. in pre-tax profits for *the current year.*

Francis Industries up £0.3m.

SALES FOR 1977 of Francis Industries, the engineering group, fell slightly from £26.56m. (which included £4.89m. from the recently sold United Lift Co.) to £25.2m. but pre-tax profits advanced from £1.33m. to a record £1.61m. after £0.69m. (£0.47m.) for the first half.

With tax on the ED19 basis of £0.4m. (£0.62m.) full year earnings are shown at 17.38p (12.04p) per 25p share and, as forecast, the dividend total is lifted from 2.53378p to 3.37p net with a final of 1.91p.

The company now consists of *just five trading subsidiaries.* Each is a substantial competitor in its *own field with at least one product* line which is a U.K. market leader. *The group operates from six factories* in the U.K. and one in France.

Given an improving economy they are confident of the long-term growth prospects of the group.

The directors say the balance sheet will show shareholders' equity and reserves at £7.05m. Debt is less than 25 per cent. of total capital employed and ordinary shareholders' net worth is 97p per ordinary share.

Further action has been taken during the year to consolidate group operations with the decision to concentrate entirely on two principal activities—the manufac*ture of packaging and industrial* products. The United Lift Company has been sold on very satis*factory terms, with sale proceeds of £850,000 and loan repayment* totalling £1.2m.

F. Miller Textiles tops £1.1m.

SALES FOR the year to February 13, 1978, at F. Miller (Textiles) rose from £4.12m. to £5.14m. and pre-tax profits increased from £0.96m. to a record £1.14m. with £0.48m. (£0.43m.) coming in the first half.

Full-year earnings are shown to be up from 4.2048p to 5.2796p per 10p share and the dividend total is effectively lifted from 1.3006p to the maximum permitted 1.4526p net with a final of 0.7263p.

The company continued to encounter difficult trading conditions during the year but margins were maintained, say the directors. The increase in profit has arisen due to growth in turnover, which has allowed the company to maintain its price policy of minimising the effects of inflation on customers.

During the year the company acquired by allotment at par, the capital of £1,000 of Fremil Investments which had not previously carried on any business. The prime purpose of this acquisition was to make better use of part of the parent company's cash resources. On December 9, 1977, the subsidiary entered into a fully guaranteed leasing agreement. The directors consider the results to be most satisfactory.

Home Charm 30% growth

IN LINE with the forecast of *"a healthy increase,"* pre-tax profit of Home Charm, the do-it-yourself stores group, rose by 30 per cent. from £1.02m. to a record £1.32m. for 1977.

Earnings per 10p share are shown to be up from 10p to 14.6p and the final dividend is 2.3344p, lifting the net total from 3.2772p to 3.6244p costing £83,652 (£76,599). The final dividend on 1,683,382 *(1,775,382) shares* has been waived.

Turnover in the year excluding VAT increased by 28 per cent. from £17.44m. to £22.33m. Trading profit, including the share of profit of the U.K. associated company of £90,954 (£54,208), rose from £1.02m. to £1.32m. and was arrived at after charging a U.S. loss of £44,601 (£80,084).

As reported in the interim statement the two remaining stores *in the U.S. have now been* closed.

After tax, including deferred tax up from £612,425 to £732,442, net profit improved from £403,986 to £585,921.

A surplus on the sale of lease*hold properties net of deferred* tax totals £834 compared with *£16,298 but attributable profit* advanced from £416,661 to £586,755.

The directors say they have continued to make full provision in the profit and loss account for *corporation tax deferred* to the interim scheme for stock relief.

However, following the assurance given in the Budget that the relief obtained in the first two years of operation of the stock relief scheme would in all prob*ability be written off,* £303,374 representing the relief received *for those two years has been* transferred from deferred tax to *retained profits as a prior year* adjustment.

• comment

Profits 30 per cent. higher at Homecharm after a first half gain of only 18 per cent. topped most market estimates and following the indication that sales so far this year are running 40 per cent. higher, the shares put on 8p at 126p. Kitchen furniture has been a particularly strong product line—stock turn is about 8 times—and this now represents over a quarter of sales. Higher margin own brand products, which doubled to 20 per cent. of sales, have made a big impact and these should be further boosted this year following the introduction of three lines of kitchen furniture. Expansion in overall selling area is likely to be in the region of the 16 per cent. seen in 1977 so the shares are well supported on a p/e of 8.4 and a yield of 4.4 per cent. *(covered 4 times).*

Dowding & Mills

SALES FOR the half year to end 1977 of Dowding and Mills expanded from *£4.59m. to £5.33m.* and profits advanced from £715,733 *to £809,307, subject to tax of* £435,000 compared with £386,000.

The interim dividend is raised from 0.495p to 0.545p net per 5p share. *Last year's total was 1.075p* and pre-tax profits came to £1.43m.

The group's interests include the repair and reconditioning of all kinds of industrial electrical machinery, mechanical repairs, and electrical installation work.

S. W. Farmer turns in £0.89m.

COMPARED WITH a prospectus *forecast of not less than £0.85m.,* S. W. Farmer Group achieved pre*tax profits of £0.89m. for 1977* against £0.7m., on turnover ahead *from £9.38m. to £10.32m.*

The group, which designs, fabricates and *erects structural* steelwork, refinery furnaces and *offshore structures, came to the* stockmarket in November 1977 by way of a placing.

Earnings are shown at 18.88p *(13.38p)* per 25p share and as promised the dividend is 5.05p net *payable on June 2.*

Mr. Brian Farmer, the chairman, *says that 1977 was a difficult* trading year with a severe economic recession at home and extremely competitive trading condi*tions abroad. With its well* established exporting expertise *the group was able to build up* orders to acceptable levels during the second half.

ISSUE NEWS

London listing for Baxter Travenol

Baxter Travenol, the major U.S. *hospital medical* supplies group, with U.K. manufacturing interests at Nelson and Thetford, is applying to the Stock Exchange for a share listing. Dealings *in the* shares are expected to start to-morrow.

Mr. William B. Graham, chairman and chief executive of Baxter, who will meet City institutions to-day, said that the group's British interests contributed around 6 per cent. of total pre-tax *profits*—which last year rose 28 per cent. to a record $108m. (£58.6m.).

Mr. Graham said that a listing would help the group to raise finance in the U.K.—should this become *necessary* because of exchange controls—but there were no *immediate plans* to raise such finance.

He said that the group's shares, publicly quoted on the New York exchange, were currently on a p/e of 17 reflecting a compound growth rate in earnings per share of 21 per cent. over the past 23 years. The group is also thought to be *poised* to apply for a listing on the Swiss bourse.

The group is a world leader *in* the manufacture of intravenous solutions, blood collection *systems* and kidney dialysis equipment. In the first quarter of the current year sales rose 17 per cent. to $228m. while pre-tax profits increased 20 per cent. to $29m.

The group said that based on recent prices in New York it had a market capitalisation of more than $1.3bn.

The group's financial advisers are Kleinwort Benson while its London brokers are Cazenove.

Yearlings rise to 9%

The coupon rate on this week's batch of local authority yearling *bonds has risen from* 8.5 per cent. to 9 per cent. at par. The bonds are due on April 25, 1979.

This week's issues are: Cyngor Dosbarth Dwyfor (£0.25m.), West Wiltshire District Council (£0.5m.), Derwent District Council *(£0.25m.),* City of Swansea (£1m.), Blackpool Borough Council (£0.5m.), Cotswold District Council (£0.25m.), Hartlepool Borough Council (£0.75m.), Borough of Rushmoor (£0.5m.), Salisbury *District* Council (£0.5m.), Shrewsbury and Atcham Borough Council *(£0.5m.),* Woodspring District Council (£0.25m.), Warrington Borough Council (£0.5m.), Castle *Morpeth* District Council *(£0.25m.),* Meirionydd County Council (£0.5m.), Lancaster City Council *(£0.75m.),* Uttlesford District Council (£0.5m.), Borough Council of Gateshead (£0.25m.), Preseli District Council (£0.25m.), Cumbernauld and Kilsyth District Council (£0.25m.) and Grampian Regional Council (£1m.).

A two-year bond carrying a cou*pon rate of 10¼ per cent.,* dated April 16, 1980, at par, is issued by *Mendip District Council (£0.5m.),* while Kyle and Carrick District Council is issuing £0.5m. 10⅛ per cent. three-year bonds at par, pay*able on April 15, 1981.*

Five-year variable rate bonds, due *on April 13, 1983, are being* issued at par by Wimborne District Council (£0.25m.), Nottingham County Council (£1.5m.), Central Regional Council (£0.75m.), London Borough of Harrow (£0.5m.) and London Borough of Newham (£0.25m.).

Further fall at Compton Webb

SECOND-HALF PROFITS of J. Compton Sons and Webb (Holdings) have fallen from £1.28m. to £952,000, to leave the figure for the year 1977 at £1.82m., compared with £2.38m. Turnover fell from £19.13m. to £18.47m.

The company manufactures and distributes uniforms and civilian clothing, etc. First-half profit had fallen from £1.1m. to £864,000, which the directors attributed to shorter order books and disruption in long-term production planning caused by slackness in the home market and cutbacks in Government and local authority spending. Exports, however, had shown a significant improvement.

After tax £915,000 (£1,193,000), net profit came *out at £901,000* (£1,191,000) for earnings of 5.23p (6.94p) net per 20p share. As promised the final dividend is not *less than last year—in fact* it is pushed up to 1.4675p for a maximum *permitted total of* 1.8668p net.

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Cosalt tops forecast

ON TURNOVER ahead from £17.75m. to £23.61m., pre-tax profits of Cosalt jumped from £1.25m. to £2.1m. for 1977. At midway, when profits stood at £1.26m. against £0.67m., the directors forecast a total of more than £1.9m.

On capital increased by last June's one-for-two rights issue, earnings are shown to be up from 13.27p to 17.67p per 25p share and the dividend total is lifted from 2.7534p to 3.0753p net with a final of 1.7758p.

A one-for-two scrip issue is also proposed and the directors intend to maintain the dividend total on the increased capital subject to trading results during the rest of the year and on any dividend control then in force.

	1977 £000	1976 £000
Turnover*	23,607	17,758
Ships' chandlery	12,455	8,862
Refrig. and air cond.	1,349	1,116
Caravans	9,166	7,150
Others	637	622
Profit	2,608	1,771
Ships' chandlery	1,634	964
Refrig. and air cond.	97	64
Caravans	919	602
Others (loss)	42	†141
Deb., loan, and bank int.	504	519
Pre-tax profit	2,104	1,252
Tax	1,050	593
Net profit	1,054	659
To minorities	4	—
Extraord. credit	10	‡74
Attributable	1,068	585
Pref. dividends	84	84
Ordinary dividends	201	120
Leaving	783	381

* Including exports £8.62m. (£5.12m.).
† Profit. ‡ Loss.

The tax charge will all be deferred (£380,000). Part of the deferred tax reserves, relating to Stock Relief for 1976 and prior years, amounting to £1.17m. is to be added back to the Ordinary shareholders' funds, increasing the net asset value per share by 17.8p to 74.8p.

The directors say that the strength of Cosalt's overseas markets (exports up over 64 per cent. to £3.2m.), an expanding demand from the off-shore Oil Industry (sales up over 33½ per cent. to £2m.) and the successful development and acquisition of new branches (in Plymouth, Scarborough and Felixstowe during the past year) catering for home water fishing and general chandlery, enabled the chandlery division to achieve record results.

The caravan side substantially improved its position within a highly competitive industry, prospering in what was generally regarded as a difficult year. The 1978 models were well received and demand is presently running at a high level. Additional facilities will be brought into commission during the current year to enable the division to extend and develop still further the range available, both at home and overseas. Further progress is expected.

The refrigeration and air conditioning division enjoyed a successful year and the management expect 1978 to be better. The finance division is continuing to wind down in an orderly fashion and related borrowings have been reduced from £1.32m., at the beginning of 1977 to a present level of below £800,000. The new company, Air Wales has made a satisfactory start and will open its Cardiff—Brussels route in May.

The associate, D. K. Aviation, which owns 25 per cent. of Air Wales, has recently sold two Boeing 707's to a national airline in the Middle East.

All in all, the directors expect Cosalt to have another good year in 1978.

● comment

In view of the problems in both the fishing and caravan industries, Cosalt's results are particularly good the company's year-end forecast has been beaten by £0.2m. and profits are more more than two-thirds higher. The valuable inshore fishing industry has been largely unaffected by the re-zoning of national fishing rights. Also exports have been buoyant and good demand from the offshore oil industry boosted the ships' chandlery division's sales by 40 per cent. Caravan sales are 28 per cent. higher—but this reflected some spillover from the hot summer of 1976—orders are made nearly six months in advance of delivery—and second-half profits are lower. Efforts to make a greater impact on export markets have been successful, with sales one-third higher. The shares rose 3p to 77p for a p/e of 4.3 and a yield of 6.2 per cent. Inevitably, the DTI investigation into the Orbit banking subsidiary, which is being run down, puts a dampener on the ratings. Meanwhile, long-term, there are bright prospects for the associate's interest in Air Wales—every year there are an estimated 20,000 businessmen passengers in the south Wales area who currently use airports as far away as Heathrow and Gatwick.

Tilling well placed for profitable growth

SIR ROBERT TAYLOR, the chairman of Thomas Tilling, says the company continues to be well placed to further expand its activities on a sound and profitable basis.

In his statement with accounts he says: "As it embarks on its further phases of international growth, I have every confidence in its future."

Last year, Tilling spent £13m. on acquisitions and so far this year has spent a further £18m., and the largest two of the companies acquired are expected to contribute profits in excess of £4m. this year.

Tilling also has an understanding to acquire the worldwide security products operations of Eaton Corporation of the U.S., and directors say further potential acquisitions are at an advanced stage.

Last year Tilling raised £32.2m. through a rights issue, and the end 1977 balance-sheet show its bank balances and cash up from £4.8m. to £7.1m., and investments well ahead from £2.3m. to £35.7m. Most of this investment was in Gilts and local authority bonds and stocks.

From the directors report, it appears Tilling expects all divisions to improve profits in the current year.

On the builders' merchating side Graham Building Services expects improved trading in the U.K., Eire and France. Together with the healthy flow of export enquiries from U.K. contractors working overseas, the year should yield further growth, the directors say.

With construction materials and services more optimistic Palmers Scaffolding expects to continue successful development in 1978, William R. Selwood plans to expand home and overseas operations, and at Tilling Construction Services overseas investments and new ventures should increase their contributions and produce a good year.

The electrical wholesaling concern plans to extend its U.K. coverage in 1978 and is confident of expanding sales and profits.

On the engineering side, DCE Vokes Group expects to resume profit growth in 1978, Gascoigne Gush and Dent is looking for higher profits, further progress is anticipated at Hansen Transmissions and sales and profit rises are forecast at Hobourn Group.

The furniture, insurance, medical supplies, publishing and printing, textiles, tiles and pottery and vehicle distribution companies similarly expect growth in 1978.

A current cost statement shows the pre-tax profit of £53.9m. (£41.9m.) reduced to £36.3m. (£23.5m.) by additional depreciation of £8.6m. (£8.5m.), a cost of sales adjustment of £14.1m. (£16.7m.) and a net monetary working capital adjustment of £0.8m. (£1.6m.), offset by a £5.9m.) (£8.4m.) gearing adjustment.

Meeting, 21, Tothill Street, S.W., May 12 at noon.

● comment

Thomas Tilling's five year plan calls for something like £100m. of acquisitions in the current financial year, of which £60m. will go in the U.S. (including the proposed Yale purchase) and around half the rest is destined for the U.K. In addition, capital spending is scheduled to rise from £28m. to roughly £40m. Even if Tilling hits these targets, it will still be well short of its medium term objective, which is to have around two-fifths of its assets overseas, and its debt/equity ratio will be much less than the 1:1 which it considers to be "entirely acceptable." At the moment about a fifth of the group's funds are overseas, while after a rights issue and a substantial transfer from deferred tax, net debt only represents about a quarter of tangible stockholders' funds. So whether or not Tilling succeeds in buying Yale—and we may not hear about that until the end of June or later—there is a lot more bid activity to come.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TO-DAY

Interims:—Long and Hambly, William Low, M.T.D. (Mangula) Wade Potteries.

Finals:—Bestobell, Bradwall (F.M.S.) Rubber Estate, Brocks Group, Burmah Oil, George M. Callender, Delta Metal, Garner Scotblair, Antony Gibbs, Horizon Midlands, Hoskins and Horton, Kuala Selangor Rubber, John Menzies, Moorhouse and Brook, Royco, Securities Trust of Scotland, United Carriers, Viking Resources Trust, Weeks Associates.

FUTURE DATES

Interims:—	
Bailey (Ben) Construction	Apr. 21
Davenports' Brewery	May 15
Halstead (James)	Apr. 28
Moran Tea	Apr. 24
Simpson (S.)	Apr. 27
U.U. Textiles	Apr. 21
Ulster Television	May 5
Finals:—	
Allebone	Apr. 28
Continental Union Trust	May 3
Ellis and Goldstein	Apr. 25
Hammerson Prop. and Inv. Tst.	Apr. 28
Marshall Cavendish	Apr. 25
Randall (J. & L.)	Apr. 25
Siemssen Hunter	Apr. 25
Thomson T-Line Caravans	Apr. 26

Beradin earns and pays more

With pre-tax profits for the year to September 30, 1977 ahead fro m£164,696 to £369,100, Beradin Rubber Estates is paying a final dividend of 1p net, raising the total for the year from 1.0106p to 3p.

Turnover was up from £529,740 to £771,186 and with tax taking £204,350 against £90,700, earnings per 5p share are shown to have risen from 2.49p to 5.55p.

Sharp fall at Walker & Homer

RESULTING FROM a lower level of demand in the furniture trade and with severe pressure on margins, taxable profit of Walker and Home, the upholstery manufacturing group, plunged from £227,681 to £48,542 for the half year to January 31, 1978.

'With trading continuing to remain depressed, turnover fell from £3.64m. to £2.82m. and the directors say at present, there does not appear to be any marked improvement.

Stated half-year earnings are 0.41p (1.92p) per 5p share and the interim dividend is maintained at 0.45p net—for all the previous year, payments totalled 0.9p from £229,689 pre-tax profit.

First-half attributable profit dropped from £109,281 to £10,292, struck after tax of £25,250 (£118,400) and an extraordinary debit of £13,000 (nil), relating to the provision for estimated closure costs of the Bolton factory.

Helene of London tops £1m.

WITH A rise from £502,131 to £729,599 in second half profit, Helene of London, the fashion leisure wear and textile merchanting group, finished 1977 ahead by 43.1 per cent. to a record £1,159,755 pre-tax, compared with £810,554 last time.

Sales advanced by 34.9 per cent. to £11.55m. After tax of £600,899 (£431,900), net profit was £558,856 (£378,654).

Earnings per 10p share are shown as 4.31p (3.58p) and the dividend is stepped up from 0.6097p to the maximum permitted 0.6707p net, costing £71,017 (£64,125).

	1977 £	1976 £
Sales	11,550,544	8,561,538
Pre-tax profit	1,159,755	810,554
U.K. tax	579,529	371,900
Overseas tax	21,370	60,000
Net profit	558,856	378,654
To minorities	46,893	1,752
Extraord. debit	75,000	—
Preference dividend	55,673	—
Ordinary dividend	71,017	64,125

† Comprises £35,000 cost of rights issue and £40,000 loss on disposal of retail fixtures and fittings.

CHANGE WARES

The turnover of £3.61m. achieved by Change Wares in the half year ended December 1977 was after taking into account the sale of certain subsidiaries. On a comparable basis, the figure for the corresponding period of 1976 came to £3.44m.

Appleyard Group off to good start

The latest year has begun well for Appleyard Group of Companies, with British Leyland car sales rising each month and the three recently acquired Ford main dealerships making a useful contribution to overall profit, Mr. Ian Appleyard, the chairman, says in his review with accounts.

He says the rationalisation of its Leyland operations will produce a more efficient and profitable use of resources.

The Ford acquisition provides an exceptional opportunity to further strengthen links with Ford and to spread the group's activities to the south of England. Also, direct access to the London fleet sales has been gained, he says.

On the commercial vehicles side, prospects continue to be bright, helped by the new models resulting from the heavy investment programme at Leyland Vehicles.

Good results are anticipated on the service and parts side following the reorganisation of the Leyland wholesaling network, and the group's world-wide concession for replacement parts for pre-1940 Rolls-Royce vehicle has been extended to include all models up to the S1 in 1955.

The improving profit trend of the credit finance arm is expected to continue, with good supplies of cars now available and the London office producing new business.

The fleets of hire cars at its Scottish car rental operation are being greatly increased, and the outlook for agricultural machinery is reasonably bright, although bad weather and fierce competition have resulted in a difficult first quarter.

Its fuel oil distribution business should benefit from a more aggressive marketing strategy being [illegible] by Shell, although the market is expected to be difficult.

As previously reported profit in 1977 climbed from £1.39m. to [illegible]. Net current assets rose in the year from [illegible] to £5.38m., while fixed assets increased from £5.46m. to £5.85m.

Industrial and Commercial Finance Corporation owns 7.75p per cent. of shares, and Mr. K. R. Broadley, a director, is interested as Trustee in 6.28 per cent. of shares.

Meeting, Leeds, May 11 at noon.

To-day's company meetings

Friedland Doggart Group, Midland Hotel, Manchester, 12. Imperial Chemical Industries, Dorchester Hotel, W., 11. Midland Bank, Chartered Insurance Institute, 20, Aldermanbury, E.C., 11. Parambe, 10, Charterhouse Square, E.C., 12. Plantation Holdings, Guildhall House, E.C., 12. Rea Brothers, Winchester House, E.C., 12. Steetley, Connaught Rooms, W.C., 12.

Provident Life increases to record £433,757

AFTER TAX and transfer from the investment reserve, profit of Provident Life Association of London increased from £401,248 to a record £433,757 in 1977.

The profit consists of £89,104 (£88,815) from shareholders' funds, a £190,416 (£159,721) share of divisible profits from long term insurance business, and £175,000 (£150,000) of non-divisible profits. Last year there was also a £25,000 from the capital redemption fund. The general insurance business contributed a £20,763 (£22,288) loss from subsidiary companies.

In long term business, new premium income was £2.3m. with 45 per cent. of this in respect of with profits policies, compared with 32 per cent. last year and 25 per cent. in 1975. Directors say this reflects their efforts to replace without profits whole life business.

The overall gross interest rate earned during the year rose from 7.05 per cent. to 7.64 per cent. Long term funds rose from £77.8m. to £83m. and the investment reserve jumped from £0.8m. to £4.9m.

On the general insurance business side premium income increased to £4.3m. (£3.9m.). Underwriting losses were £518,000 (£297,000), arising mainly from reinsurance treaty business, which it ceased to write after 1976, and from adverse experience under household contents business.

These were offset by profits transferred from the investment reserve of £200,000 on the sale of investments during the year; and investment income. This resulted in a pre-tax profit of £17,000 (£167,000 loss). Overseas taxation and the final writing down of goodwill were covered by an additional transfer from investment reserve of £60,000.

The total carried forward by the subsidiary in its profit and loss account was £17,000 (1976 £10,000) and after making the transfers referred to above, the investment reserve at the end of the year was £200,000 (£105,000).

A final dividend of 4.468p net per 25p share takes the total to 8.168p (7.375p), the maximum permitted.

Brighter outlook for Brit. Enkalon

Better results in 1978—provided costs, inflation and cheap imports can be contained—are forecast by Mr. J. Martin Ritchie, chairman of British Enkalon, in his statement accompanying the annual report.

The company, which has accumulated losses of £11m. in the past three years, reported a loss before tax in 1977 of £2.148m. (1976 = £3.157m.), as already announced, but the second half showed a significant improvement, with the deficit cut to £651,000, compared with £2.3m. The improvement contrasts, Mr. Ritchie points out, with the worsening results a number of competitors reported during 1977.

A major part of the improvement came from higher sales of polyester yarn.

AKZO holds 72 per cent. of the company.

First half advance for Cradley

Pre-tax profit of Cradley Printing Company advanced from £70,899 to £90,378 for the half year to December 31, 1977, on external sales of £666,850 against £514,864.

The directors say they expect full-year results to show a further improvement on those of 1976-77, when a record £156,100 taxable profit was earned and a single 0.99p net dividend paid.

The increased work-load acquired during the second half of 1976-77 continued into the current year, state the directors, and in anticipation of a further increased turnover, their expenditure on new plant has already well exceeded the full-year budget of £100,000, as mentioned in the last annual statement.

First-half profit included investment income of £5,200 (£5,367), but was before tax of £43,700 (£36,567).

OCL still hit by disputes

FROM TURNOVER of £289.15m. compared with £220.68m., taxable profit of Overseas Containers climbed from £42.55m. to a *peak* £48.74m. in the year to November *30, 1977.*

And *profit would have been* £7m. higher but for the increase in the value of sterling, and a further £3m. ahead but for disputes at its new container terminals at Tilbury and Southampton.

After tax of £26.13m. (£22.4m.), and minority interests of £1.88m. (£1.32m.) attributable profit was £20.73m. (£18.82m.). Dividends totalling £19.38m. (£10.51m.) will be paid. Ocean Transport and Trading, Peninsular and Oriental Steam Navigation and Furness Withy own some 92 per cent of the shares.

OCL is in dispute with the Inland Revenue as to the allowability of exchange losses on foreign currency loans of a wholly owned subsidiary. Because of its legal advice it *has made no provision* for the additional £16m. of tax which would be payable if it loses the dispute. The existing tax provision could be reduced by £5.8m. if OCL wins.

Mr. R. O. C. Swayne, the chairman, says that *the profitability of* the group continues to be affected by the container terminal disputes. Overall profits for 1978 are expected to be slightly lower than in 1977 owing to currency changes, competition and the South African *trade position.*

He says the prolonged delay in the revival of world trade seems likely to continue through the year and will affect its services. In particular the low level *of* imports into South Africa will *mean partly full ships and losses* on its Conference service to that country.

Competition from the Trans-Siberia Railway seems certain to *continue. It now carries almost* one quarter of Western Europe-Japan trade, and Mr. Swayne says it could develop into a more *serious threat to the overseas* transport system than government subsidised liner shipping.

Eastern Bloc shipping and a developing surplus of cellular and *roll-on, roll-off tonnage in commission* or on order could threaten but should not yet seriously affect the stability and profitability of some of its liner trades.

In 1977 the opening of the South Africa container Conference was one of the major *developments*, but *competition* from outside lines operating ships converted to carry containers forced it to begin trade from the Mediterranean, the U.K. and Northern Europe *ahead of* schedule in July, with whatever *ships were available.*

"With the dispute at Southampton, a much depressed southbound trade, and pressure on rates from competition, it was an inauspicious *beginning and the financial result* was disappointing," Mr. Swayne says.

OCL is still using feeder ships to the continent for South African trade because of the Southampton dispute and the affect on the ser*vice has been serious.*

The other major development was the inclusion of New Zealand in the Europe-Australia container service.

Mr. Swayne is also concerned about the pressure to reduce *imports of New Zealand lamb.* As well as increasing the U.K. *price of lamb and spelling disaster* for NZ agriculture, it would place at risk to large specialised investment by OCL and ACT(A) in the carriage of refrigerated products *from NZ.*

E. ELLIOTT

E. Elliott has been advised, on all indications *available*, that it is no longer a "close" company.

Improvement for Hawker

EXCLUDING THE four months trading of its former U.K. aerospace subsidiaries—nationalised *on April 28, 1977*—Hawker Siddeley Group improved pre-tax profits from £72.98m. to £94.96m. in 1977. When *the* aerospace contribution of £8.7m. for the four months against £19.4m. for the *last full year* is included then the profit comes through at £103.66m. compared with £92.38m. At *midway* the improvement was from £34.7m. to £45.3m.

Yearly earnings per 25p share are stated at 26.1p (25.3p) and the dividend is lifted from 3.6884p to 4.0858p *with a final payment of* 3.201p net.

Direct exports from the U.K. during the year accounted for 45.2 per cent. (43.7 per cent.) *of sales, and totalled £295m. (£299m.).*

Electrical engineering gave £36.2m. (£27.9m.) to profits and mechanical engineering £54.5m. (£47.5m.).

At December 31, net cash in hand was £98.9m. (£14.6m.) Loans amounting to £48.7m. have been repaid to *the group since* vesting and following *discussions* with British Aerospace, the company agreed to forego repayment of loans of £4.33m. as this amount would be more appropriately dealt with in the compensation negotiations for the shares.

Negotiations have not yet commenced with the Government on the *amount* of compensation to be received for the value of the shares. It is expected that compensation will exceed the book amount. A payment on account of £3.1m. has been received in 1978. Interest will be paid on the com*pensatio nfrom* the date of vesting.

Excluding the former aerospace companies, the *profit before* tax of the group adjusted for inflation is given at £60m.

Again excluding the *former* aerospace *companies*, *the tax* charge after applying ED19 would be reduced to £26.4m.

In summary, the historic attributable balance of £46.1m. after application of ED19 and *adjusting for minorities would* be increased to £64.9m. And adjusting also for the effect of inflation *after minority interests* would then reduce to £32.4m.

The balance sheet at December 31, *1977* (excluding aerospace subsidiaries) shows Fixed assets at £141.85m. (£137.15m.), current *assets at £486.5m. (£371.8m.) and* current liabilities at £261.4m. (£226.1m.).

	1977 £000	1976 £000
Sales	912,000	974,000
Excluding former U.K. *aerospace subs.*	829,000	732,000
Former aerospace subs. —4 *months* (1976: Full year)	83,000	242,000
EXCLUDING FORMER AEROSPACE SUBSIDIARIES:		
Trading profit	*91,005	75,394
Interest received	3,958	†2,411
Pre-tax profit	94,963	72,983
U.K. tax	34,705	25,166
Overseas tax	11,159	10,353
Net profit	49,099	37,464
Minority profits	2,934	2,778
FORMER U.K. AEROSPACE SUBSIDIARIES: 4 MONTHS (1976 FULL YEAR)		
Trading profit	‡10,328	24,338
Interest paid	1,630	4,938
Pre-tax profit	8,698	19,392
Tax	§4,220	§5,648
Net profit	4,478	13,749
TOTAL PRE-TAX PROFIT	103,661	92,378
Total attributable	50,613	48,435
Extraordinary debits‖	10,007	¶8,928
Preference dividends	230	230
Ordinary dividends	8,070	6,978
Retained	32,308	50,155

* After depreciation of £12.7m. (£11.04m.). † Paid. ‡ After depreciation of £1.44m. (£3.43m.). § After £4.83m. release of provision no longer required. ¶ Credits. ‖ Due to differences arising on the translation into sterling of overseas net assets for the purpose of the consolidated accounts.

Winding-up orders

Orders for the compulsory winding up of 68 companies have been made by Mr. Justice Oliver in the *High Court. They were:*

J. W. Maxwell and Sons (Newcastle), Kerry and Hilton, Spavin*toso, Marshwood Properties*, Sabrepoint, Liminster Investments, Starcross Securities, Omera Company, Northbourne Golf Club (Bournemouth); Forty Park Street Properties.

St. Katharine Security, The Alexandra Mantle Manufacturing Company (Liverpool), Jandel Fashions, Superior Daily Office and *Window Cleaning* Company, Hatchmead Builders, Keswick (Fancy Goods), *Mortlake Direct* Mail, Fibrenca, Scherzo Investments.

Furber Deels, Novissimo, John Henry Morgan, Goff's Haulage, *Burnham Laminates.* Horizon Windows, Nicoll and Hastings Investments, Associated Magazine Distributors, Scheduled Steels, Roocroft (Fencers), Point Freight, Murphy and Dunkley.

Greystore, Associated Development Holdings (Finance), Anthony Harris, J. R. Brown (Records), Barrie Long (Electrical Contractors), Aegis Bulk Foods, Evershoit Printing Works, Grange Electrical *(Contracting)*, Bre-An Precision Engineering, Harry Lyne and Sons, Kelling Park Hotel.

Leonard Desmond and Co., *Israel Financial Trust, Soundquest,* Communications Software, Steelfixers (Concrete Reinforcements), Thames Valley (Plumbing and Building) Supplies, Basil N. King (Haulage), Ardeco (Plastics), Allenby Security (Holdings).

Townsends' Tobacconists (Wallasey), Railton Electronics, Adam Oates, Car Hire (Bloomfield Bros.), Lighting and Sound Equipment, Abova Packaging, C. J. Coben and Sons, Aquaterra.

Meadchoice, Superways Con*tractors, M. T. Coyle*, P. H. and H. (Joinery), Kelt Construction, Whitefields Properties, B. J. Connolly and Co.

A compulsory winding up order *made against* Barking Marina and Engineering Company on April 10 has been rescinded. By consent, the petition was dismissed.

A compulsory winding up order made against Willesden Plant Hire on April 10 was recalled, the com*pany already having been struck* off in 1976. Leave was given to amend the petition and restore it in 21 days.

A compulsory order made against Masaka on March 20 has been rescinded and the petition *dismissed by consent.*

Scottish Widows bonus

Scottish Widows' Fund and Life Assurance Society, the Edinburgh-based mutual which does most of its business *in the* North of England, has declared a record reversionary bonus of 4.7 per cent. on existing sums assured and vested bonuses for ordinary with-profits policies, and 5.5 per cent. on with-profits policies in *the pension fund, for the three* year period 1975-77.

Gratifying though it is to have been able to declare such bonuses, however neither Scottish Widows' chairman, Mr. A. I. *Mackenzie*, nor its general manager, Mr. G. A. Kingsnorth, is making any promises about the future level of bonus rates. That will, they say, depend principally on investment conditions and the rate of inflation, "*neither of which it* is possible to forecast."

By dint of holding down the rate of growth in new business, however, they hope *that* the benefits to existing policyholders need *not* be diluted, even if investment returns do diminish. *Apart from anything else*, Scottish Widows has extremely strong reserves£207m. as against total insurance funds of £933m. at the end of 1977—the returns on which will help to put off the moment at which any cut in the bonuses might become necessary.

In addition to the bonuses declared on with-profits contracts in the life assurance and general annuity funds, and in the pen*sion fund, the society has de*clared a bonus of 1.5 per cent. on all with-profits group pension contracts in force at the beginning of this year, for each year or part of a year that the contract has been in force; and a rebate *of 5 per cent. on all permanent* health insurance contracts in force at the *beginning of this* year.

The revaluation reflects the success of the group's investment policies, which have, over the past three years, tended to concentrate on investment in government securities rather than equities. *This policy changed during 1977*, and by the final quarter of the year the society *was putting more* into equities than into fixed interest stocks. Its officers decline to comment on its present investment policy, however, until the *end of the year. The balance* sheet shows that, of total investments of £1.1bn., British Government securities accounted for £495m., equities for £443m., and mortgages and loans for £98m.

BIDS AND DEALS

Atlantic Assets buys 29% of Ivory & Sime

Atlantic Assets, the £37m. investment trust under the management of Ivory and Sime, has bought a 29 per cent. stake in its managers.

The trust has spent £540,000 on acquiring just over 27,000 newly issued shares in the company, at £20 each. The price is the same as that paid by Amex Bank, the London-based merchant banking subsidiary of American Express, when it acquired a 30 per cent. stake in Ivory and Sime two years ago.

As a result of the deal the Amex stake will drop to just over 23 per cent. Mr. Robert van Maasdijk, chief executive of Ivory and Sime, said last night that Amex had been told at the time of its purchase, that Ivory and Sime was also considering asking one of the trusts under its management to acquire a stake, and had agreed that if the deal was done within a reasonable time it should be at the same price.

Its two large shareholders apart, Ivory and Sime is owned by some 30 members of its directors and staff.

The money which Atlantic Assets is putting into Ivory and Sime is to be used, in part, to buy the freehold of its head office at Nos. 1 and 2, Charlotte Square, in Edinburgh. The freehold is at present held by another of the trusts under Ivory and Sime's management, British Assets Trust.

Mr. Van Maasdijk said last night that the freehold was to be bought at a price established by independent market valuation. But he was not prepared to disclose what that price would be.

He said that the rest of the money would be used to help fund Ivory and Sime's moves to establish itself in investment management abroad. At the moment the company has a wholly owned subsidiary in Zurich, established earlier this year, and is partner in a firm of investment managers in the U.S.

Mr. Maasdijk said that the price at which Amex Bank acquired its shares, two years ago, had been established in part by reference to Ivory and Sime's earnings, and in part by reference to its prospects once the move to internationalise the company was under way. Ivory and Sime made pre-tax profits of £240,000 in the year to the end of April, 1977, and while Mr. Maasdijk was not prepared to give any indication of the level of profits to be achieved in the current year, he pointed out that they had risen for every one of the last ten years.

Atlantic Assets' chairman, Mr. John Sheffield, is to join the Board of Ivory and Sime. Another member of Atlantic Assets' Board, Mr. Jimmy Gammell, is already a non-executive director of Ivory and Sime.

WESTON-EVANS

Mr. Graham Ferguson Lacey and Mr. Cecil McBride were revealed yesterday as the purchasers of the 25.9 per cent. stake in Weston-Evans Group, the engineering concern, which has just been sold by Barrow Hepburn Group. It emerged on Monday that a 28.5 per cent. holding in Yorkshire and Lancashire Investment Trust, sold at the same time by Barrow Hepburn, had been bought by Hamilborne, which is controlled by Ferguson Securities, a private company which Mr. Lacey and Mr. McBride control.

Weston-Evans said that Manchester Nominees had acquired the holding of 1.39m. of shares on behalf of the interests of Mr. Lacey and Mr. McBride, both of whom had been invited to join the Board of Weston-Evans. The two had indivated that their purchase was for investment purposes only.

ASSOCD. LEISURE

In a circular to shareholders giving details of three recent acquisitions, Lord Jessel, chairman of Associated Leisure, confirms his earlier forecast that 1977/78 profits would be "satisfactory."

The acquisitions were in line with a policy of expanding interest in the hotel and holiday sectors.

A pro-forma balance sheet showing the effects of the acquisitions has the fixed assets up from £8.5m. to £12.5m. and net current assets of £2.7m. changed to net current liabilities of £0.2m. However, this is based on figures which are now over a year old.

YULE CATTO MOVES

Yule Catto has put its Malaysian plantations into a new company, Yule Catto Plantations Sindirian Berhad, and agreed to sell 35 per cent. of it to Johore State Economic Development Corporation for \$M12.6m. (£2¾m.).

The formation of this new company with Bumiputra partners is in line with the economic policy of the Malaysian government. Yule Catto believes the partnership will enable it to develop additional activities in Malaysia, possibly downstream operations in rubber and palm oil.

The net assets of Yule Catto Plantations at October 29 1977 were \$M35.9m. and its pre-tax profits in the latest financial year were \$M8.4m.

The proceeds will mostly be used for further investment overseas, said Lord Catto, chairman of Yule Catto, yesterday.

Meanwhile the company has agreed to buy Thomas Bell and Co. Liverpool for £180,750 cash and 645,000 shares of Yule Catto. Thomas Bell is an export trader specialising in motor vehicle parts. Yule Catto intends to expand it at home and possibly overseas.

Thomas Bell's net assets at the latest balance sheet date were £373,436.

Tunnel's £1m. deal

Tunnel Holdings, the cement group which is in the process of broadening its non-construction linked base, has strengthened its interest in a new process of toxic waste disposal, by a £1m. deal announced yesterday.

Tunnel has taken over Crossford Pollution Services, a private company which owns the U.K. royalty rights to the "Sealosafe" process. The company was previously owned by the two inventors of the process, Mr. D. Cope and Mr. E. M. Ross. The consideration is £277,700 in cash and 275,000 new "B" shares in Tunnel.

Crossford's other asset was a 4.3 per cent. stake in Leigh Interests, the waste materials, builders merchants and fuel contracting firm which is a U.K. licensee of Sealoscafe.

Tunnel has now disposed of Crossford's stake in Leigh; 49 per cent. of it has been purchased by Mr. Ross who thereby retains the stake in Leigh he owned previously through Crossford, the remainder has been placed in the market. The sale raised £212,393 net for Tunnel.

Leigh and Tunnel already have close trading links in the Sealosafe process. The two companies have a 50:50 interest in a toxic waste holding plant on a former Tunnel cement works site in West Thurrock. In addition Tunnel is the major partner in two other companies established to develop the process both in the U.K. and abroad.

In its own right Leigh is manufacturing the polymer used to contain the toxic wastes and has just installed a second plant. Yesterday, Leigh's managing director Mr. J. R. Deasington, said that last year Sealosafe accounted for about 3 per cent. of group turnover but with the new plant and a contract for the process in Japan, future sales and profitability would substantially improve.

BOC/AIRCO

BOC International has made its formal offer to purchase at \$50 cash any and all of the 6m. Common shares of Airco Inc. still in the hands of public stockholders. Lazard Freres will act as dealer-manager of the offer.

BOC also offered to acquire any and all outstanding 3¾ per cent. convertible subordinated debentures at \$1,600 per \$1,000 principle amount of debentures.

BOC holds about 54 per cent. of total shares outstanding. Expiration date of the offer is April 28.

MILN MARSTERS

Hilleshog, the Swedish agricultural seeds group, poised to make a full 200p a share bid for Miln Marsters has agreed to purchase further shares in the group—subject to Exchange Controls—which will increase its stake to 51.4 per cent.

BRAITHWAITE

Braithwaite and Co. Engineers has acquired the private company, Plastic Recycling of Worcester, at a net cost of some £80,000.

Consideration for the acquisition will be nil, but Braithwaite has agreed to guarantee the outstanding liabilities of Plastic amounting to £200,000 as at January 29, 1978. Plastic had total assets after depreciation of £120,000.

94p offer for Walker (U.K.)

The bid approach for Walker Sons and Co. U.K., the group with engineering interests in Sri Lanka, has now crystallised into a formal offer from Anglo-Indonesian, the tea and rubber estates concern which has recently been diversifying into agricultural engineering.

The offer is one share of Anglo for every Walker share, valuing Walker's equity at £423,000 on yesterday's price for Anglo of 94p.

Irrevocable acceptance has been won from Peninsular and Oriental, which owns 44 per cent. of Walker's shares, and from Mr. Selwyn Prior, an Anglo director who holds 10 per cent. of Walker; so the offer is a technical shutout with Anglo already controlling 54.96 per cent.

If the offer succeeds Anglow ill also get the rights to all past dividends, because of difficulties in repatriating funds from Sri Lanka, have been declared but not paid since 1971. Together with the Preference share dividends, the total outstanding amounts to some £170,000.

Yesterday, however, Mr. Michael Nightingale, chairman of Anglo, said that the dividend position was not a factor in the proposed acquisition. Anglo intended to continue to develop Walker's engineering business in Sri Lanka which would complement the 20 per cent. interest Anglo recently acquired in agricultural tool makers, Eva Industries in the U.K.

Walker was one of the largest commercial groups in Sri Lanka where Anglo last year bought Central Province Ceylon Tea Holdings, previously owned by Mr. Prior. The latter's knowledge and experience in Sri Lanka provided a good basis for investing in Walker, Mr. Nightingale said.

Walker's Ordinary shares were reinstated on the market following the announcement and rose from 34p to match the bid. The preference shares are still suspended, however, as negotiations for an offer for them are still continuing. Anglo owns £25,000 of the £144,000 preference stock.

HANGER BUYS

Hanger Investments, the Birmingham-based Ford main dealers, is to extend its truck distribution business into leasing with the purchase of VH Self Drive, the Stoke-on-Trent-based truck hire company, for £1.95m. cash.

VH, which earned pre-tax profits of around £620,000 in the year to February 28, 1978, operates a fleet of 1,000 vehicles, principally medium vans and heavy commercial vehicles, in the U.K.

Hanger already runs a care hire and leasing business and has been looking for some time to extend its leasing and hire interests into trucks.

Mr. Peter Adams, Hanger's chairman, said yesterday: "The new company gives us the opportunity to enter this fast growing market and clearly dovetails with our existing businesses."

WACE GROUP

Blade Investments has sold the 24.8 per cent. stake in Wace Group which it acquired about three months ago.

The purchase of 29.35 per cent. stake in Wace—printing plate manufacturers—by Blade and its associate Energy Finance and General Trust in January was followed by the resignation of the Wace chairman, Mr. A. Lambert, and the appointment of two new directors, Mr. R. G. Day and Mr. J. D. Robertson.

Blade Investments has now sold its stake at 33p a share for £91,000. Last night Wace shares, which have been the subject of takeover speculation in recent months, closed at 36p (up 1p).

MINING NEWS

Uranium helps Hartebeest

BY KENNETH MARSTON, MINING EDITOR

IN THE continuing story of the March quarterly reports from the South African gold producers, the Anglo-Vaal group's Hartebeest has achieved a further increase in earnings thanks to a uranium profit of R5.25m. (£3.27m.) against a small loss in the previous three months when there were no uranium sales.

This has outweighed a lower profit on gold operations which reflected a slightly lower gold price received of $173 per ounce coupled with lower production and higher costs.

The mine also announces that it has obtained another long-term uranium contract which carries a loan to the company of R11.6m. *Last month,* Hartebeest reported that it was to increase the uranium *plant capacity over the next two* years by 45,000 tons per month *at a cost of R5m.*

After having received an exceptionally high price of $185 per ounce for its gold in the December quarter, the marginal Loraine mine has obtained an average of $179 in the past three months while production has fallen in line with a reduced labour strength. The resultant working loss has been covered by State assistance.

In the Johannesburg Consolidated group Western Areas has *suffered from lower production* and increased costs while Randfontein has obtained a slightly lower gold price of $169 against *$171 last time. The latter's new* millsite uranium plant operated at a loss owing *to below capacity* working and below expected uranium recoveries. But the recovery rate is improving and every effort is being made to achieve planned efficiency, it is stated.

by £5.8m. if OCL wins.

Of the base-metal mines, Anglo-Vaal's antimony-producing Consolidated Murchison has climbed out of the red; last quarter poor ground conditions in the Athens shaft area caused a temporary fall in production, but there was an improvement in sales of concentrates and cobbed ore.

Shipments from the Prieska copper mine also vary from quarter to quarter. During the *past three months only one* shipment was made compared with two in the Decmber *quarter.* This factor, coupled with lower copper *and zinc prices,* is reflected in the reduced net profit.

The latest quarterly net profits after tax, but before capital ex*penditure,* are compared in the following table.

ANGLO-VAAL	March qtr. R000	Dec. qtr. R000	Sept. qtr. R000
Hartebeestfontein	11,796	9,403	8,037
Loraine	†439	†960	†393
Cons. Murchison	234	*155	626
Prieska	1,780	3,939	398
East Transvaal	603	479	396

† After receipt of State aid. * Loss.

"JOHNNIES"	March qtr. R000	Dec. qtr. R000	Sept. qtr. R000
Randfontein	13,537	14,675	11,492
Western Areas	3,432	7,236	3,359

Denison growth continues

BOOSTED BY higher uranium deliveries, Denison Mines, the second largest producer in Canada, has increased first quarter net profits by more than 50 per cent. In contrast, Cominco, another Canadian mining major, more closely tied to base metals, has suffered a sharp setback.

In the first three *months of this* year, Denison's net profits were C$8.7m. (£4.09m.) *compared with* C$5.7m. in the same period of *1977, earned on revenue* of C$50.6m. against C$38.1m.

Apart from uranium, Denison was helped by higher revenue from its developing oil and gas operations, while there were exchange gains resulting from the weakness of the Canadian dollar. The effect is to allow Denison to consolidate on the 85 per cent. increase in net profits at C$27.9m. achieved in 1977.

On the other hand, Cominco will have received scant comfort from the depressed zinc market, while lead prices, which helped the group last year, have lacked buoyancy.

Net earnings in the first three months of this *year* were C$9.5m. (£4.46m.) against C$15.6m. in the *1977 first quarter.* Revenue was C$193.6m. or C$22.1m. higher than *in the same period of 1977.*

Hamersley slumps

HAMERSLEY, the Rio Tinto-Zinc group's iron ore producer in Western Australia, yesterday announced a sharp drop in first-quarter profits, bearing out predic*tions* at the annual meeting that "at this rate the company cannot be *expected* to do much better than break even."

Net earnings were $A1.7m. (£1.05m.) *for* the three months to *March* against an adjusted $A9.03m. in the same period of 1977. Ore shipments were down to 6.27m. tonnes from 7.97m. *tonnes.*

The company is caught in a vicious squeeze—in common with other iron producers. Sales revenue dropped 15.3 per cent. from the 1977 first quarter in the face of reduced demand from Japan and Europe, while costs have increased partly because of inflation and partly because of lower levels of production.

Recovery is clearly linked to the diminishing prospect of an international revival in the steel industry. Mr. Rus Madigan, the chairman, has already noted the worldwide pressure to reduce iron ore prices and has pointed to the reduced requirements of the *Japanese steel mills.*

Despite depressing news from *the company*—including strikes—the shares have taken part in the *price revival* of the Australian mining sector and yesterday were down 3p at 190p.

MINING BRIEFS

KINTA KELLAS TIN DREDGING—March output 42¼ tonnes (Feb. 53½ tonnes).

ELECTROLYTIC ZINC—Production Statement:

	Four weeks ended April 5, 1978	Four weeks ended March 8, 1978
	(Figs. in tonnes)	
Risdon Works—		
Zinc	11,879	11,637
West Coast Mines—		
Ore milled	40,918	55,582
Lead concentrate	1,311	1,938
Zinc concentrate	12,005	12,835
Copper concentrate	2,271	1,282

EAST RAND CONSOLIDATED—Profit before tax for 1977 £283,000 (£325,000). Tax £102,000 (£130,000). Profit after tax £181,000 (£195,000). Profit on exchange (net of tax) £30,000 (£11,000 loss). Available £201,000 (£184,000). Net dividend 1.05p (1p) at a cost of £134,000 (£127,000), leaving £67,000 (£57,000). Basic earnings per 10p share 1.42p (1.53p) and after exchange profit (loss) 1.57p (1.44p).

SILVERMINES—Results for 1977 already known. Current assets £0.71m. (£1.04m.), liabilities £0.32m. (£0.53m.). Total net assets £2.96m. (£2.81m.). Meeting, Dublin on May 11 at noon.

OIL AND GAS NEWS

Premier's success in Italy

PREMIER Consolidated Oilfields announces the successful completion of a gas exploration well located at Mezzanelle near Foggia, southern Italy, in which its subsidiary, Parambe Oil and Gas Operations has a 7 per cent. interest.

The well establishes new gas reserves to the north *west of the* Reggente field where Parambe also has a 7 *per cent. interest.*

The Mezzanelle well was spudded on *February 12* and reached a total depth of 1,561 metres on *March 11. Two zones open to pro*duction tested 3.56m. cubic feet per day.

* * *

Worldwide Energy Corporation has begun the first of three phases of expansion at its Fort Kent oil project in the Cold Lake area of Alberta, Canada.

The first phase involves the drilling of fifteen new production wells and installation of new stream equipment and related production facilities. This phase is expected to cost C$3.5m. (£1.65m.) and is projected to bring initial average production to 1,000 barrels of oil a day.

The second phase, planned for 1979 at an estimated cost of C$5m. (£2.35m.), will add more equipment and about twenty additional producing wells expected to increase production by another 1,000 barrels a day.

During 1980 engineering, geological and economic studies will be conducted to determine the *economic justification for proceed*ing with the third phase of ex*pansion.*

That phase is designed to *increase and maintain production* to 13,000 barrels a day over the *20-year life of the project.*

The third phase would involve initial expenditures in the range of $C100m. (£47m.) and is planned *for 1981 and 1982.*

Over the life of the project the *company says that capital* expenditures are estimated to total *$C265m. (£124.5m.)* in 1979 dollars and involve the drilling of about *1,450 producing wells.*

Worldwide says that engineer*ing based on the performance of* the existing six-well pilot project indicates a recovery of 85m. barrels of oil over the 20-year life of the project.

* * *

Fourteen of 57 bids for oil and gas leases off the south east coast of the U.S. have been rejected by the Interior Department as inadequate.

In fact, the response to the lease sale was generally *poor. Bids were* received for only 57 of the 224 *tracts offered for sale.* Revenue from the successful bids totalled $100.7m.

* * *

Elf-Aquitaine, the French State-controlled oil company, has *encountered indices of gas* at its NAB-1 well 50 kilometres north of Alexandria, Egypt.

The well, which was drilled in 570 *metres of waters,* is in a 2,600 square kilometre permit contracted by the company with Egyptian government. Elf is currently drilling a second test well in the permit in 40 metres of water, and drilling should be completed by the end of June.

With the second well, Elf-Aquitaine will have fulfilled its committment to spend $16m. on exploration during the first three years of the contract.

* * *

Getty Oil International Congo Incorporated, a unit of Getty Oil, has plugged and abandoned as a dry hole the exploratory well it has been drilling in waters about 4,350 feet deep in the south Atlantic ocean off the Congolese coast of west Africa. The well was drilled 9,265 feet into the ocean floor.

RESULTS AND ACCOUNTS IN BRIEF

AULT AND WIBORG GROUP (printing ink, printers' rollers, paint, chemical and coating maker)—Results for 1977 reported March 11. Net current assets £4.58m. (£3.94m.), fixed *assets £5.46m. (£4.72m.),* goodwill £2.12m. (£2.15m.). Decrease in net cash £0.49m. (£4,000 increase). Current cost profit down from £3.13m. to £0.98m. Meeting, 71 Standen Road, SW, May 12 at noon.

BRISTOL STADIUM—Net dividend for *1977 is 0.344p (0.308p) payable on May 24.* Turnover (receipts) £547,762 (£474,699). Expenditure (incl. depreciation £14,185) £471,264 (£401,981). Net receipts £76,498 (£72,718). General betting duty £37,344 (£39,119). Net operating profit £39,154 (£33,599). Investment income £18,004 (£33,139). Profit on redemption of Pref. *shares £2,684 (nil). Profit £60,742 (£65,725)* before tax of £32,508 (£37,300). Tax adjustment previous years £9,890 (nil). Extraordinary credits nil (£67,814). Available £38,124 (£136,242). Ordinary dividend £11,352 (£10,164). Preference dividend £355 (£636). Transfer to capital redemption reserve fund £3,150 (nil). Unappropriated profit £21,067 (£125,452) (incl. in 1976 £107,814 capital profit as above).

BRITISH LINEN BANK (in Bank of Scotland Group)—Group profit before tax, year ended January 31, 1978, £3.19m. (£1.96m.) and net profit £1.5m. (£0.87m.). Group assets £171.92m. (£154.65m.)—*deposits* £148.54m. (£132.87m.) and advances £95.02m. (£71.71m.).

DORADA HOLDINGS (vehicle distribution and engineering)—Results for 1977 already reported. Group fixed assets £4.75m. (£5.07m.). Net current *assets* £4.39m. (£3.25m.). Meeting, Hotel Inter-Continental, W., on *May 17* at 12.30.

J. HEWITT AND SONS (refractory products group)—Results for 1977 previously announced. Net current assets £0.36m. (£0.28m.), fixed assets £0.84m. (£0.81m.). Current year has begun satisfactorily. *Meeting,* Stoke-on-Trent, May 18, at noon.

GIBBS AND DANDY (builders merchant, ironmonger, tool merchant and electrical wholesaler, etc.)—Results for 1977 already reported. Group fixed assets £1.48m. (£1.84m.). Net current assets £1.82m. (£0.78m.). Sales for first three months of current year are encouraging, says chairman. Meeting, Luton, May 10 at 11.30 a.m.

LYON AND LYON (vehicle distribution, road transport, ship repairing and shipbuilding)—Results for 1977 reported April 1. Group fixed assets £1.55m. (£1.18m.). Net current assets £1.56m. (£[illegible]). *The programme to develop simultaneously* the various divisions of the group continues. The acquisition of a company *business within the context of the present* size and nature of the group is under consideration. A Statement of Source and Application of Funds shows £288,945 decrease (£119,273 increase) in liquid *funds.* Clyde Petroleum holds 28.79 per cent. of the company, Pension Trust jointly with ITC Pension Investments 7.85 per cent. and Tr[illegible] Towing Company 7.75 per cent. Meeting, Knottingly, on May 9 at 12.15.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 7½ per cent. (since April 11, 1978)

Day to day credit was in short supply in the London money market yesterday, and the aurthorities gave help by buying a large *amount of Treasury bills, all direct* and small numbers of local authority bills. *Total assistance was large* and appeared to be overdone. The *market was faced with run down* bank balances, sales of gilt-edged stock and a *rise in the note cir*culation. These more than outweighed the number of Treasury bills maturing outside official *hands.*

Conditions in the market remained nervous and business was at a generally low level, with discount houses buying rates for three-month Treasury bills at 7 1/16-7⅛, indicating a rise in MLR under the market related formula, if repeated at Friday's bill tender.

Discount houses paid 6-6½ per cent. *for secured call loans at the* start, but rates soon fell to close at 2-3 per cent. In the interbank market overnight loans at 7½-7½ per cent. and eased to 5½-6 per cent. at noon. While steadying for a time at 5-5½ per cent. rates fell away to 1-2 per cent. before closing around 3 per cent. Interest tended to increase in the longer end of the market reflecting the uncertainty surrounding MLR.

Rates in the table below are nominal in some cases.

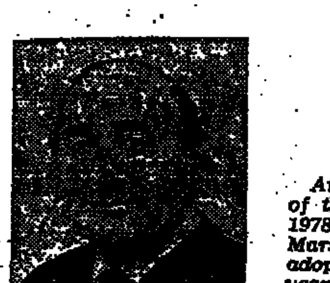
Apr. 18 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ✝	Eligible Bank Bills ✝	Fine Trade Bills ✝
Overnight	—	1-7½	—	—	—	7¼	2-6¼	—	—	—
2 days notice	—	—	6⅞-7	—	—	—	—	—	—	—
7 days or 7 days notice	—	7-7½	7-7¼	—	6⅞-7⅛	7¼	5¾-6½	—	—	—
One month	7 1/16-7⅛	7⅜-7 11/16	7⅛-7¼	7⅛-7	7⅜-7⅝	7⅜	6⅝-6½	6 13/16	7 1/16-7⅛	7⅞-7¼
Two months	7 11/16-7⅝	7¾-8	—	7¾-7¾	7⅞-8	—	6¾	7-7⅛	7⅜	8¼
Three months	8 1/16-7⅞	8-8¼	7¾-8	8-7⅛	8-8¼	8⅛	7	7 1/16-7⅛	7 13/16-7⅞	9
Six months	8⅜-8¼	8 7/16-8 13/16	8⅛-8⅝	8⅛-7¾	8⅛-8⅜	—	—	—	8 1/16-8½	—
Nine months	8⅞-8 7/16	8 11/16-9 1/16	—	8¾-8¼	9	—	—	—	—	—
One year	8-8½	8¾-9¼	9	8¾-8¼	9¼	—	—	—	—	—
Two years	—	—	9⅞-10⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 10½-11 per cent.; four years 11¼-11½ per cent.; five years 11½-11¾ per cent. ✝ Bank bill rates in table are buying rates for prime paper. Buying rates *for four-month* bank bills 8½ per cent.; four-month trade bills 8¾ per cent.

Approximate selling rates for one-month Treasury bills 6 15/16 per cent.; two-month 6⅞ per cent.; and three-month 6 15/16 per cent. Approximate selling rates for one-month bank bills 7¼-7⅜ per cent.; two-month 7 5/16 per cent.; and three-month 7½ per cent. Approximate selling rate for one-month trade bills 7¼-7½ per cent.; two-month 7⅞ per cent.; and also three-month 8 per cent.

Finance House Base Rates (published by the Finance Houses Association) 7 per cent. from April 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3 per cent. Clearing Bank Base Rate for lending 6½ per cent. Treasury Bills: Average tender rates of discount 6.6601 per cent.

LEEDS & HOLBECK BUILDING SOCIETY



At the Annual General Meeting of the Society held on 18th April, 1978 the President, Sir Frank Marshall, M.A., LL.B., moved the adoption of the accounts for the year ended 31st December, 1977 and the following are extracts from his speech:

We commenced the year with a paid-up share interest rate of 7.8% and a mortgage rate of 12.25%, perhaps the highest on record. Investment funds were not readily available during the early months of the year and yet the position changed dramatically following a reduction in Minimum Lending Rate in the month of May and funds commenced to flow back into building societies at a high rate which continued almost without abatement until the end of the year. The progressive reduction in Minimum Lending Rate throughout most of the year was a contributory factor in reducing the competition for funds with which we have been faced for so many years....

ASSETS

It is a great pleasure after so many years of famine to be able to report a year of comparative plenty, during which the Society's assets increased by almost £28,750,000 or 20.53%, to a total of £168,711,000. . . .

Progress in terms of increased assets is, however, in itself nothing of great distinction but to achieve a commensurate level of surplus is another matter and we feel that the Society's results in this respect bear scrutiny. Consequently we were able to transfer a net surplus of £1,042,752 to the General Reserve Fund which now stands at £5,961,869 or 3.53% of assets....

ADVANCES

During the year advances to borrowers totalled over £31,500,000, an increase of some £4,000,000 over the previous year and it is worthy of note that at the end of the year there were only sixteen cases in which mortgagors were upwards of twelve months in arrears with their payments to the Society....

If this has been, as I hope you will agree, a relatively successful year it would be wise to guard against complacency. Building societies, and indeed the country as a whole, continue to be faced with many great problems. . . .

HOUSE PRICES

It is a matter of great concern that only last month the Government took the considered view that there must be some reduction in the volume of building society funds available for house purchase in order to avoid a substantial escalation of house prices. This view cannot be ignored, although we must say that as a Movement we are equally concerned about the effects of reducing house purchase loans. So much remains to be done in the field of housing and this cut back can only delay the solving of some of the more pressing problems. This message must be put over, loud and clear, that house prices escalate because there are too many people requiring too few houses, not enough houses are being built and one can understand the reluctance of builders to improve their record in this respect unless they can be assured of a reasonable level of profit. . . .

URBAN RENEWAL

Housing costs in labour and materials continue to rise and there are experts who suggest that the escalating cost of land is due in no small part to the Government's own restrictive legislation. The need for urban renewal becomes more and more a matter of urgency and local authorities must be pressed to co-operate with builders in releasing a substantial part of the thousands of acres which within inner city areas lie waste after the conclusion of clearance schemes, some many years ago. A serious reduction in the volume of finance available for house purchase can only, in the long term, worsen a long standing problem and one can only hope that these restrictions will be of short duration. . . .

Finally, ladies and gentlemen, I wish to express the appreciation of all members of the Board to the management and staff of the Society both at Head Office and branches for their hard work, efficiency and not least of all their loyalty during a very busy year. Your Directors are conscious also of the part played in the Society's success by all its members, by all our professional colleagues and by all the Society's friends wherever they may be. To all these we are most profoundly grateful.

Blagden & Noakes (Holdings) Limited

● Record Results	1976 £'000	1977 £'000	Increase
Turnover	37,272	43,835	+17.7%
Profit before taxation	3,781	4,358	+18.4%
Dividends	6.028p	12.0p	+99%
Earnings per share	27.1p	29.4p	+8.5%

Extracts from the statement by the Chairman, Mr. J. K. Noakes, for the period to January 1, 1978.

● W. W. Ball & Sons acquired for growth and expansion in field of plastics moulding.

● Willamot Industrial Mouldings achieved a very substantial increase in profits and the erection of an additional 35,000 sq. ft. factory and warehouse will commence shortly.

● The new drum manufacturing line at Bristol is fulfilling our highest expectations and further improvements when complete should make the plant stand comparison with any in the world. Our reconditioning plant in Belgium continues to prosper.

● Martindale Protection increased turnover and profits and is now launching three new products which in time should add considerable impetus to profitability.

● **PROSPECTS**
Capital expenditure budget exceeds £3M, the largest in our history and we are confident of making marked progress in Plastics Moulding and Protective Equipment. We anticipate an improvement in the profits of the Chemical Division.

PETER BROTHERHOOD LIMITED

ESTIMATE OF RESULTS

Subject to audit, the Directors of Peter Brotherhood Ltd. expect the results for the year ended 31st March, 1978 to be:—

	Year ended 31st March 1978 (Subject to audit) £000	Year ended 31st March 1977 £000
Turnover	10,700	13,555
Trading profit	850	1,616
Interest payable	120	228
Profit before tax	730	1,388
Corporation tax (charge provisionally estimated at 52%	380	477
Profit after tax	350	911
Amount written off on sale of investment	NIL	182
Profit after tax and extraordinary item	350	729

An Interim Dividend for the year ended 31st March, 1978 of 1.815 pence per share is now declared on the ordinary shares, payable on 23rd May, 1978 to shareholders registered on 2nd May, 1978. This dividend, together with the related tax credit, is equivalent to a gross payment of 2.75 pence per share (1977—2.5 pence).

If the forecast profit of £730,000 is attained or exceeded, it is the Directors' present intention, subject to unforeseen circumstances, to recommend a final dividend of 4.5375 pence per share which, with the related tax credit, is equivalent to a gross payment of 6.875 pence per share (1977—6.25 pence).

Excluding tax, the cost of the above dividends is £57,173 and £142,931 respectively.

Vantona Group Limited

Margins maintained in difficult year.

Exports up by 33%.

Healthy balance sheet.

EARNINGS PER SHARE UP BY 8%.

YEAR ENDED 2nd DECEMBER	1977	1976 £ Millions	1975
Turnover	78.8	75.5	55.0
Pre-Tax Profit	6.7	6.4	4.2
Extraordinary Profit (Net)	—	1.3	—
Available for Ordinary Shareholders	3.4	4.5	1.9
Earnings per share (before Extraordinary Profit)	22.1p	20.4p	14.1p
Dividend per share	5.1p	4.6p	4.2p
Net Assets per share	124.3p	107.4p	82.6p

Product Brand Names

Bevis, Chortex, Diana Cowpe, Epatra, Everwear, Ewart Liddell, Horrockses, Spirella, Vantona and Wardle

Copies of Chairman's Statement and Accounts are available from: Bank House, Charlotte Street, Manchester M1 4ET

APPOINTMENTS

P & O group executive changes

The PENINSULAR & ORIENTAL STEAM NAVIGATION COMPANY has made the following senior changes on the Boards of group companies with effect from May 1.

Mr. Alec K. Black will be managing director of P&O Strath Services, taking over from Mr. Alan Hatchett, who remains chairman of that company. Mr. Black has been acting head of P&O Bulk Shipping and before that was in charge of P&O General General Holdings Division.

Mr. Steve M. Carter is to become managing director of P&O Bulk Shipping in place of Mr. Derek Hall, who continues as chairman of that concern. Mr. Carter was director, Oil and Bulk Trade, for P&O Bulk Shipping and will remain as executive director of Associated Bulk Carriers.

★

Mr. John Montgomery, a director of LLOYDS BANK, who is retiring as its chief general manager on April 30, has been appointed a vice-chairman of the bank from November 1.

★

Mr. John Levy has resigned from the Board of MARKS AND SPENCER and will be leaving at the end of April. Mr. Levy joined the company in 1949 and has been a director for the past 11 years.

★

Mr. T. W. Wright has become financial director of ATALANTA ENGINEERING. General managers appointed by the company are Mr. S. Bryson (packing), Mr. H. R. V. Chapman (pump), Mr. J. E. Harrison (buying) and Mr. M. H. Newman (generator). Mr. W. A. H. Bolt has been made manager (parts, service and inspection).

★

Mr. William Fulton has been appointed managing director of SONY (U.K.) in succession to Mr. Hiro Okochi, who remains a director of that company and becomes chairman of the Sony Group in Europe.

★

Mr. R. J. Leonard and Mr. T. M. Rogers have been admitted as partners of DIXON WILSON AND CO.

★

Mr. John M. Wiseman is to take over the chairmanship of M. WISEMAN AND CO. on April 21 in place of Mr. Frank Wiseman, who retires from the Board of that company but will remain a director of the parent concern, UKO International, and will be a consultant to its ophthalmic group.

★

Mr. A. G. Waller has been appointed to the Board of ALVIN MORRIS, a member of the Hickson and Welch (Holdings) group.

★

Mr. Robert D. L. Lyle has been appointed to the Board of BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST, a company managed by Drayton Montagu Portfolio Management.

★

Mr. Graham Read has been appointed a director of BRITISH MARKET RESEARCH BUREAU.

★

Mr. Bernard F. Combemale has been appointed managing director of SOCIETE DES BAINS DE MER, the company controlling the Monte Carlo casino. Mr. Combemale, who was born in Paris, has spent most of his working life in French and U.S. banking and finance.

★

Mr. David Hawtin has been appointed secretary of the BRITISH TOY AND HOBBY MANUFACTURERS ASSOCIATION, replacing Mr. Gordon Goude, who continues as director general.

★

Mr. Con Dooley has been appointed chairman of WATERFORD WUIDART. Mr. Roy Garner has become vice-chairman, Mr. Peter Wuidart, managing director, and Mrs. Zona Wuidart, a director. The changes follow the death of Mr. J. A. P. Wuidart, who was chairman and managing director.

★

Mr. Ron Best, advertisement director of Agricultural Press, has joined the Board of BRITISH FARMER AND STOCKBREEDER PUBLICATIONS and takes charge of advertisement sales for that company as an additional responsibility.

★

Mr. J. D. Landells has become commercial director and Mr. F. B. Hughes, director, sales and marketing, on the Board of WALKER MANAGEMENT SERVICES.

★

Mr. H. L. Digby and Maj.-Gen. R. L. T. Burges are retiring from GRIEVESON GRANT AND COMPANY, stockbrokers, on May 1, and Mr. D. A. Clark, Mr. R. L. G. Lake, Mr. J. W. F. Newman, Mr. R. F. A. Balfour and Mr. J. Duckett are being taken into partnership on that date.

★

Mr. Hans-Henning Erdmann, senior vice-president of WUERTTEMBERGISCHE KOMMUNALE LANDESBANK GIROZENTRALE, who is in charge of international loans, has been appointed representative of the bank's new London office.

★

Two directors of FIBREGLASS have been appointed to newly-created posts, Mr. J. F. Currie as general manager, insulation division and Mr. H. J. Gair as general manager, reinforcements division.

★

Mr. F. J. Chate has been appointed to the Board of ABERDEEN SERVICE COMPANY (NORTH SEA) as a non-executive director and consultant, following his retirement from Shell U.K. Exploration and Production.

★

Mr. A. P. Propper, managing director of PACOL has become chairman and chief executive. Mr. F. W. Cromwell has relinquished the chairmanship but remains a director until June 30, when he will retire. The company is a member of the Gill and Duffus Group of which Mr. Propper is a director.

★

Mr. Roy S. Payne has joined ALEXANDER AND ALEXANDER in the newly-created post of international employee benefits co-ordinator, Europe, at its London office.

★

Mr. B. A. Smith has been admitted into partnership with WOOD MACKENZIE AND CO., stockbrokers.

★

GENERAL FOODS has appointed Mr. Douglas Lacy as financial director of GF France and GF Italy. Mr. Andrew Clarkson has become financial director of General Foods and Mr. Haydn Jones will be personnel director of that company from May 1.

★

Mr. J. A. Creagh has been appointed to the Board of ULSTER TELEVISION as assistant managing director and continues as head of Press, presentation and publicity. Mr. J. B. Waddell also joins the Board and becomes controller of local programmes in charge of production. Mr. K. Hamilton has been made Northern Ireland sales manager, Mr. D. Smyth, appointed financial controller and remains secretary and chief accountant, and Mr. E. Smith is now information officer.

★

Mr. David Long has been appointed commercial director of SYNTHETIC RESINS in place of Mr. Richard Lapthorne, who has moved to Paris as commercial director of Sheby S.A.

★

Mr. Roger F. Azar of Banque Arabe et Internationale d'Investissement has been appointed to the Boards of HILL SAMUEL AND CO. and Hill Samuel Broking and Consulting Services.

★

Mr. Ian H. Karten has been appointed chairman of MULTITONE ELECTRIC COMPANY in place of Mr. Alexander Poliakoff, *who has become president.* Mr. John M. Spiers takes over from Mr. Karten as managing director.

★

Mr. Tony Nicholson, formerly financial controller of the Heathrow Hotel, has joined the Board of BOC DATASOLVE as financial director.

HOME CONTRACTS

MARCONI Communication Systems has won an order, worth nearly £250,000, for 100 data modems for the Post Office. Delivery starts next month. Data modems are used by the PO for a range of data transmission and computer information transfer services via telephone circuits.

★

The engineering services division of H. S. MARSH has won two contracts totalling more than £155,000. For Champlain Power Products A.G. of Zug (Switzerland), Marsh will manufacture and erect part of Esso's new Climate Chamber at Abingdon, including a steel floor, air duct and vehicle exhaust system for the new facility. For the British Science Research Council's Rutherford Laboratory at Chilton, Marsh will fabricate steel cases for shielding blocks to be used in a long-term high energy particle physics experiment.

ANGLOVAAL GROUP

Mining companies' reports — Quarter ended 31 March 1978

All companies mentioned are incorporated in the Republic of South Africa.
All financial figures for the quarter and progressive figures for the current year to date are unaudited.
Rate of exchange on 31 March 1978 R1 = £0,61, £1 = R1,63.
Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding ore reserves.
Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trustees Limited, 295 Regent Street, London, W1R 8ST.

Prieska Copper Mines (Proprietary) Ltd.

Issued capital 54 000 000 shares of 50 cents each

	Quarter ended 31 March 1978	Quarter ended 31 Dec. 1977	9 months ended 31 March 1978
Operating results			
Ore milled . . . t	761 000	760 000	2 304 000
Concentrates produced			
Copper . . . t	34 921	34 803	99 149
Zinc . . . t	34 728	38 796	108 381
Concentrates despatched			
Copper . . . t	27 991	45 071	94 506
Zinc . . . t	29 920	31 989	90 554
Financial results	R000	R000	R000
Operating profit	2 065	3 320	5 568
Non-mining income	204	212	572
	2 269	3 532	6 140
Interest paid and other expenses	489	593	1 784
Net profit	1 780	2 939	4 356
Loan repayments	47	1 343	1 437
Capital expenditure	682	718	2 204
	729	2 061	3 641
Development			
Advanced . . . m	5 481	7 006	19 920

Finances

Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.

The Company has exercised the right, referred to in the previous quarterly report, to convert the loan instalments amounting to R1 464 261 due to United States Steel Overseas Capital Corporation and Anglo-Transvaal Consolidated Investment Company, Limited ("Anglovaal") on 31 December 1977 into 6 per cent notes repayable 1983/1987. As a result, additional long-term finance amounting to R1 538 547 has been advanced to the Company by Anglovaal and Middle Witwatersrand (Western Areas) Limited against the issue of similar notes.

Taxation

No taxation was payable as the Company has an assessed loss.

Capital expenditure

Outstanding commitments at 31 March 1978 are estimated at R342 000 (31 December 1977: R704 000).

Eastern Transvaal Consolidated Mines, Ltd.

Issued capital 4 316 678 shares of 50 cents each

Planned operations for year ending 30 June 1978

Ore milled: 336 000 t
Yield : 6,4 g/t

	Quarter ended 31 March 1978	Quarter ended 31 Dec. 1977	9 months ended 31 March 1978
Operating results			
Gold			
Ore milled . . . t	84 700	83 500	254 700
Gold recovered . . . kg	518,12	538,72	1 606,12
Yield . . . g/t	6,1	6,5	6,3
Revenue . . . R/t milled	31,00	30,06	28,55
Costs . . . R/t milled	17,79	17,70	17,46
Profit . . . R/t milled	13,21	12,36	11,09
Revenue . . . R000	2 626	2 510	7 271
Costs . . . R000	1 507	1 478	4 446
Profit . . . R000	1 119	1 032	2 825
Financial results	R000	R000	R000
Working profit — gold mining	1 119	1 032	2 825
Net non-mining income including forestry	80	— 63	179
	1 199	1 095	3 004
Prospecting	37	47	124
Profit before taxation	1 162	1 048	2 880
Taxation	559	569	1 402
Profit after taxation	603	479	1 478
Capital expenditure	132	101	322
Dividend	—	432	432
	132	533	754
State loan levy	82	74	197
Development			
Advanced . . . m	1 260	1 401	4 026
Sampling results:			
Sampled . . . m	818	766	2 452
Channel width . . . cm	169	162	171
Channel value . . . g/t	9.1	12,1	18 8
. . . cm.g/t	1 549	1 978	3 205

State assistance

The Company remains classified as an "assisted mine" in terms of the Gold Mines Assistance Act, 1968.

Dividend

Interim dividend No. 55 of 10 cents per share, declared in December 1977, was paid in February 1978.

Capital expenditure

Capital expenditure for the year ending 30 June 1978 is estimated at R650 000.
Outstanding commitments at 31 March 1978 are estimated at R104 000 (31 December 1977: R30 000).

Hartebeestfontein Gold Mining Co. Ltd.

Issued capital 11 200 000 shares of R1 each

Planned operations for year ending 30 June 1978

Ore milled: 2 900 000 t
Yield : 11,0 g/t

	Quarter ended 31 March 1978	Quarter ended 31 Dec. 1977	9 months ended 31 March 1978
Operating results			
Gold			
Ore milled . . . t	678 000	741 000	2 195 000
Gold recovered . . . kg	7 729,83	8 225,28	24 490,49
Yield . . . g/t	11,4	11,1	11,2
Revenue . . . R/t milled	55,12	54,64	51.43
Costs . . . R/t milled	34,87	30,96	31,28
Profit . . . R/t milled	20,25	23,68	20,15
Revenue . . . R000	37 370	40 487	112 894
Costs . . . R000	23 639	22 944	68 655
Profit . . . R000	13 731	17 543	44 239
Uranium oxide			
Pulp treated . . . t	693 000	741 000	2 210 000
Oxide produced . . . kg	85 125	99 520	275 085
Yield . . . kg/t	0.12	0,13	0,12
Financial results	R000	R000	R000
Working profit — gold mining	13 731	17 543	44 239
Profit from sales of uranium oxide and pyrite	5 249	(163)	7 404
Non-mining income	1 007	363	2 127
	19 987	17 743	53 770
Interest paid	126	52	193
Profit before taxation and State's share of profit	19 861	17 691	53 577
Taxation and State's share of profit	8 065	8 288	24 341
Profit after taxation and State's share of profit	11 796	9 403	29 236
Capital expenditure	4 070	3 535	10 067
Loan repayments	70	69	206
Dividend	—	8 400	8 400
	4 140	12 004	18 673
State loan levy	1 485	865	3 184
Development			
Advanced . . . m	10 258	11 529	33 271
Sampling results on Vaal reef:			
Sampled . . . m	1 946	2 106	5 932
Channel width . . . cm	44	51	49
Channel value — gold . . . g/t	40,6	31,5	34,9
. . . cm.g/t	1 772	1 614	1 702
— uranium oxide . kg/t	0.60	0,47	0.54
. . . cm.kg/t	26,33	24,16	26,30

Dividend

Interim dividend No. 44 of 75 cents per share, declared in December 1977 was paid in February 1978.

Capital expenditure

Capital expenditure for the year ending 30 June 1978 is estimated at R15 000 000.
Outstanding commitments at 31 March 1978 are estimated at R5 579 000 (31 December 1977: R7 515 000).

Uranium sales

The Company has concluded a long-term contract for the supply of uranium oxide, including a loan to the Company of R11,6 million.

Taxation

The provision for taxation and State's share of profit takes into account the reduction in surcharges announced in the Budget on 29 March 1978. This reduction amounts to R434 000 for the nine months ended 31 March 1978.

Consolidated Murchison Ltd.

Issued capital 4 160 000 shares of 10 cents each

	Quarter ended 31 March 1978	Quarter ended 31 Dec. 1977	Financial year ended 31 Dec. 1977
Operating results			
Ore milled . . . t	145 300	170 600	671 900
Antimony concentrates plus cobbed ore produced . . . t	3 487	4 420	19 826
Antimony concentrates plus cobbed ore sold . . . t	3 776	2 956	16 343
Financial results	R000	R000	R000
Sales of antimony concentrates less realisation charges	3 349	2 544	16 725
Gold and silver sales	138	273	512
Sundry mining income	14	23	67
	3 501	2 840	17 304
Working costs	3 250	3 418	14 296
Working profit	251	(578)	3 008
Interest received	70	38	280
Finance charges aid scheme rebate and sundry non-mining income	—	—	455
	321	(540)	3 743
Prospecting, investigations and sundries	8	10	151
Profit before taxation	313	(550)	3 592
Taxation	59	(395)	347
Profit after taxation	254	(155)	3 245
Capital expenditure	142	224	2 003
Dividend	—	416	1 248
	142	640	3 251
State loan levy	8	(55)	48

Consolidated Murchison Ltd. — *continued*

Financial

The revenue from the sale of antimony concentrates brought into account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.

Operations

Poor ground conditions on 23 Level Athens Shaft adversely affected stoping in this area. This resulted in a decrease in both tonnage milled and head grade and therefore concentrates produced. It is expected that normal production from this area will be resumed in the second quarter.

Dividend

Final dividend No. 66 of 10 cents per share, amounting to R416 000, for the year ended 31 December 1977 was declared in December 1977 and paid in February 1978.

Capital expenditure

Capital expenditure for the year ending 31 December 1978 is estimated at R1 000 000.
Outstanding commitments at 31 March 1978 are estimated at R3 000 (31 December 1977: R75 000).

Loraine Gold Mines, Ltd.

Issued capital 16 366 986 shares of R1 each

Planned operations for year ending 30 September 1978

Ore milled: 1 300 000 t
Yield : 6,0 g/t (previously 6,5 g/t)

	Quarter ended 31 March 1978	Quarter ended 31 Dec. 1977	6 months ended 31 March 1978
Operating results			
Gold			
Ore milled . . . t	309 000	319 000	628 000
Gold recovered . . . kg	1 804,70	1 941,42	3 746,12
Yield . . . g/t	5,8	6,1	6,0
Revenue . . . R/t milled	29,18	31,45	30,33
Costs . . . R/t milled	33,75	31,12	32,42
Loss . . . R/t milled	4,57	(0,33)	2,09
Revenue . . . R000	9 016	10 034	19 050
Costs . . . R000	10 430	9 928	20 358
Loss . . . R000	1 414	(106)	1 308
Financial results	R000	R000	R000
Working loss — gold mining	1 414	(106)	1 308
State assistance	1 520	689	2 209
Profit from sales of uranium oxide and pyrite	156	47	203
Non-mining income	177	98	275
Profit	439	940	1 379
Capital expenditure	195	(139)	56
Development			
Advanced . . . m	3 336	3 819	7 155
Sampling results:			
"B" reef			
Sampled . . . m	170	134	304
Channel width . . . cm	35	62	47
Channel value . . . g/t	20,1	24,4	22,6
. . . cm.g/t	694	1 509	1 053
Basal reef			
Sampled . . . m	252	328	530
Channel width . . . cm	13	10	11
Channel value . . . g/t	42,6	79,1	60,9
. . . cm.g/t	557	783	676
Elsburg reefs			
Sampled . . . m	180	290	470
Channel width . . . cm	130	103	113
Channel value . . . g/t	11,2	13,6	12,6
. . . cm.g/t	1 457	1 405	1 425
Total — all reefs			
Sampled . . . m	602	752	1 354
Channel width . . . cm	54	55	54
Channel value . . . g/t	15,9	20,9	18,7
. . . cm.g/t	857	1 152	1 021

Taxation

No taxation or State's share of profit was payable as the Company has assessed losses.

Capital expenditure

Net capital expenditure for the year ending 30 September 1978 is estimated at R800 000 (31 December 1977: R1 100 000).
Outstanding commitments at 31 March 1978 are estimated at R299 000 (31 December 1977: R60 000).

These reports have been approved by the directors of the respective companies and in each case have been signed on their behalf by two of the directors.

19 April 1978

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Citicorp and Chase show profits moving ahead

BY STEWART FLEMING

NEW YORK, April 18.

NEW YORK'S two largest international banks, Citicorp and Chase Manhattan to-day reported strong earnings gains in the first quarter of 1978. Their results confirm the nationwide acceleration in the profits of commercial banks in the first quarter.

According to M. A. Shapiro, the banking analysts, the first 100 major U.S. banking companies to report their results for this period recorded a 24.4 per cent. rise in earnings, well ahead of last year's 13.9 per cent. increase, and the biggest quarterly gain since the final three months of 1976 when the first 100 banks' earnings rose by 28 per cent.

Whereas earnings improvements in the latter part of 1976 and early 1977 to a considerable extent stemmed from reductions in provisions for possible loan losses as the general economic climate improved, there are clear signs in the reports now being issued of strong growth in interest income from the banks' lending operations.

The figures from Citicorp are particularly striking with interest revenue rising by $358m. to $1.5bn. in the first quarter. Net interest revenue, after paying interest to depositors and other borrowed funds, rose $65.8m.

Citicorp also reported a substantial gain in other operating revenues, particularly foreign exchange income where the bank reported a $15.6m. increase, and trading account profits and commissions where the bank reported a $9.5m. turnaround.

The net result of these trends was that Citicorp's net income before securities gains rose 15 per cent. to $106.3m. ($6 cents a share) compared with $92m. (74 cents a share) in the first quarter of 1977.

The improved first-quarter results come after a disappointing fourth quarter of 1977 when earnings fell 17 per cent. against the trend of results from other major banks.

The bank explained the setback as being the result of losses in Australia and increased expenses in New York in connection with the development of its consumer business. It has been spending heavily on automated equipment for servicing retail customers at its branches.

At Chase Manhattan the increase in first quarter profits is even more striking with net income before securities transactions rising 50 per cent. to $41m. ($1.20 a share) from $27.4m. ($5 cents a share) in the first quarter of 1977.

Chase said that the factors affecting its quarterly earnings improvement were higher net interest income—which rose from $250m. to $300m.—a decline of $21.6m. in loan loss provisions, and a rise of $9m. in other operating income including fees, commissions and foreign exchange trading income.

Commenting on the overall trends Chase pointed out that so far as its domestic business was concerned interest income was "essentially flat", implying that the gains reported stemmed from its overseas operations. It said that the increasing volume of domestic loans was offset by narrower interest rate spreads, a remark which tends to confirm analysts' contentions that Chase has been aggressively pricing its lending below prime rate.

The growing importance of its foreign business was indicated by a breakdown the bank provided of its loan and loan-related business which showed that domestic offices had outstandings of $14.4bn. on average during the first quarter compared with $14.2bn. in the first quarter of 1977.

In comparison the bank's overseas offices had increased their loans outstanding from $14.1bn. in the first quarter of 1977 to $18.1bn. in the first quarter of 1978.

Securities slide hits Merrill Lynch

By John Wyles

NEW YORK, April 18.

THE PROFITS slide which hit the U.S. securities industry last year showed no sign of levelling off in the first quarter judging by earnings figures published to-day by Merrill Lynch and Company, the country's largest brokerage firm.

Merrill's earnings dropped 97 per cent. on the same period a year ago when earnings were more than 80 per cent. down on the year before. This extreme financial pressure is the background to the series of mergers on Wall Street which was capped last Friday by Merrill Lynch's purchase of the 83-year-old securities house, White Weld.

First Boston Corporation, a leading investment banker, reported a first-quarter loss of $685,086, while Paine Webber Jackson and Curtis and Mitchell Hutchins disclosed a 73 per cent. drop in profits from $2m. last year to $539,000.

While its total revenues were up 18.2 per cent. to $281.8m., Merrill Lynch's fell 6.3 per cent. to $90.6m. However, this was more than offset by increases on principal transactions, interest income, investment banking and insurance.

The company's employee expenses rose 16 per cent. to $116.8m. and its interest expenses increased 38.2 per cent. to $88.7m. Net earnings after tax were $247,000 compared with $8.5m. in the first three months of last year. This was the equivalent of 1 cent a share compared with 24 cents a share.

Republic Steel recovery

CLEVELAND, April 18.

REPUBLIC STEEL Corporation, whose earnings slipped 38 per cent. in 1977, from $65.9m., or $4.07 a share to $41m., or $2.54 a share, has made a better start this year, despite the dock strike and severe weather. First quarter net earnings totalled $9.8m., or 60 cents a share, compared with a loss of $6.1m., or 38 cents a share last year.

Shipments in the first quarter amounted to 1,841,000 tons, compared with 1,532,000 tons a year earlier, but the 111-day coal strike and heavy snows severely penalised the company's operations and prevented further improvements in earnings, president Mr. W. De Clancey stated.

The corporation's order intake indicates steel shipments will continue at a substantial level throughout the second quarter, the president added. But the company was disturbed by the high rate of steel imports which hit a record 2.2m. tons in February. If such penetration continues, it will wipe out the benefits to U.S. steelmakers of any improvements in domestic markets, Mr. De Clancey said.

The company cannot make a definitive judgment on the Government's trigger pricing mechanism until mid-year, after it is fully effective, he concluded.
Reuter

Dollar fall hits St. Regis

NEW YORK, April 18.

ST. REGIS Paper's first quarter earnings comparisons were hurt by several factors, including foreign currency translation losses which rose to $3.24m. after taxes from $664,000 a year earlier, the company states.

St. Regis said that in the first quarter, damages of $6m. were awarded to Murray Pacific as the result of arbitration, the company incurred $1,163,000 in the cost of closing its Marshall, Michigan, folding carton plant and weather was poor.

In addition the company said the year-ago earnings included a $3m. inventory subsidy from the Swedish government.

The company reported first quarter earnings of 48 cents per share, down from 66 cents a year earlier. Revenues were $521.1m. up from $472.0m.

St. Regis expects improved results from operations, since order volumes appear to be improving and higher prices are expected to be in effect on many of the product lines that were weak in the quarter.

The company said the weakest first quarter operation was Kraft. Selling prices for Linerboard, both in the U.S. and Europe, were at "very low levels due to the competitive environment." Excess world inventories of Kraft pulp, although gradually being worked off, continued to hold down prices.
Reuter

Trans World Airlines cuts into opening deficit

BY OUR OWN CORRESPONDENT

NEW YORK, April 18.

TRANS World Airlines, which traditionally reports a loss in the first quarter, to-day revealed that in the opening period of this year its deficit had been slashed by some 23.6 per cent.

This is extremely significant for the airline whose overall profits last year rose by more than 75 per cent., and also for U.S. airline industry as a whole whose results are being closely scrutinised for the impact of discount air fares.

The industry's domestic and international traffic rose by 13.4 per cent. in the first three months of this year and if TWA's results are a reliable indicator, then the airlines will be off to an excellent start in their attempt to match the industry's record aggregate profit of around $600m. last year.

TWA's net deficit for the quarter was $38.7m. compared to $50.7m. in the first quarter of last year. Revenues were $42.2m. higher at $491.4m. and operating expenses up 8.7 per cent. to $533.4m. TWA's subsidiary Canteen Corporation suffered a slight drop in earnings from $3.5m. to $3.1m. on an 8.3 per cent. increase in revenues to $11.9m.

TWA's real money spinner, its hotel chain Hilton International turned in a 23.8 per cent. rise in pre-tax profits to $8.1m. on a 21.9 per cent. rise in revenues to $20.6m. TWA said its total corporate debt had been reduced by $194m. below the level of a year earlier and that its debt equity ratio had improved from 4.9 to 1 to 2.7 to 1.

Gen. Telephone earnings rise

STAMFORD, April 18.

GENERAL Telephone and Electronics Corporation said earnings for the first quarter included a gain of 10 cents a share from foreign currency translation compared with 12 cents in the year before.

The company earlier reported first quarter earnings of $1.12 against 95 cents a share. Net income, before preferred dividends, was $152,329,000 compared with $125,345,000 in the year earlier period.

It said the earnings gain resulted from a strong growth in revenues and net income from telephone operations and continued improvement in the operating results of the products group.

Revenue was $1.99bn. against $1.76bn. with average shares of 136,533,000 against 131,586,000. (Net income figures are before a preferred dividend payout of $8,378,000 in 1978 and $8,495,000m. in 1977).
Reuter

Tyre trend hits Uniroyal

BY OUR OWN CORRESPONDENT

NEW YORK, April 18.

THE DEEPENING problems facing the U.S. tyre industry were reflected in a preliminary estimate of first quarter earnings issued to-day by Uniroyal, the third-largest manufacturer after Goodyear and Firestone.

Uniroyal's president, Mr. Joseph Flannery, told the annual shareholders meeting that the company had incurred an estimated loss of $2.7m. after allowing for a foreign exchange loss of $1m. in the first quarter. This compared with a profit from operations of $11.3m. in the first quarter of last year.

Industry analysts have been predicting reduced earnings this year for several of the major companies in the industry. Last year's earnings were generally strong, in part because of the recovery from the long rubber strike in 1976 which depleted

But this once and for all boost masked the underlying trend of sharply reduced growth of output in the industry and consequent over-capacity, partly as a result of the increasing proportion of radial tyres being sold. U.S. estimates suggest that whereas a car fitted with conventional bias or bias belted tyres will need tyre changes every two years, equipped with radials the change will not be needed for four years. In addition the trend towards lighter U.S. cars is contributing to durability.

Thus tyre prices generally have been weak with intense competition between manufacturers exacerbated by indications of increasing import sales.

Mr. Flannery said that overall the company's business had strengthened in March and that more normal results were expected in the second quarter.

Ford plans engine plant expansion

FORD MOTOR COMPANY has announced plans for a $415m. expansion and renovation of its engine plant at Dearborn, to build four-cylinder auto engines, AP-DJ reports.

Ford said the expansion will add about 277,000 square feet of manufacturing space to the plant, raising it to about 1.8m. square feet. It will eventually employ 1,800 extra workers to the plant which employs 1,600 people.

Four-cylinder engine production is scheduled to start in April, 1980. When the plant reaches peak production by December, 1980, it will be building four-cylinder engines at a rate of 638,000 units a year.

Wyly loan

Wyly Corporation said it borrowed $1m. to add to its working capital from Careal AG, the Swiss investment company that owns about 50 per cent. of Wyly's common, reports AP-DJ from Dallas.

Pipe bid

TransCanada Pipelines and Foothills Pipelines, Yukon, have been unable to agree on "mutually acceptable terms" under which TransCanada would acquire an interest in Foothills, Yukon, or any of its subsidiary companies, reports AP-DJ from Calgary.

Economic appointment

President Carter announced yesterday the appointment of "think tank" director Mr. Henry Owen as his special representative with responsibilities for economic summits and international economic policy, Reuter reports from Washington. Mr. Owen, 57, a former senior official at the State Department, has been director of foreign policy studies at the Brookings Institution, an independent organisation for economic and political research.

AMERICAN QUARTERLIES

ABITIBI PAPER First Quarter	1978 SC	1977 SC
Revenue	194.0m.	234.0m.
Net profits	15.0m.	3.0m.
Net per share	0.74	0.13

ALLIS-CHALMERS First Quarter	1978 $	1977 $
Revenue	402.0m.	380.0m.
Net profits	19.0m.	17.0m.
Net per share	1.55	1.41

AMERICAN CAN First Quarter	1978 $	1977 $
Revenue	874.0m.	729.0m.
Net profits	20.0m.	18.0m.
Net per share	0.98	0.90

AM. HOME PRODUCTS First Quarter	1978 $	1977 $
Revenue	811.0m.	728.0m.
Net profits	89.0m.	79.0m.
Net per share	0.56	0.50

AMSTED INDS. Second Quarter	1978 $	1977 $
Revenue	154.0m.	123.0m.
Net profits	8.0m.	5.0m.
Net per share	1.47	1.03

BELL CANADA First Quarter	1978 SC	1977 SC
Revenue	926.0m.	836.0m.
Net profits	70.0m.	63.0m.
Net per share	1.43	1.34

BUDD First Quarter	1978 $	1977 $
Revenue	331.3m.	317.6m.
Net profits	10.1m.	12.0m.
Net per share	1.28	1.83

COPPERWELD First Quarter	1978 $	1977 $
Revenue	100.0m.	78.0m.
Net profits	3.0m.	2.0m.
Net per share	0.61	0.35

CROWN CORK & SEAL First Quarter	1978 $	1977 $
Revenue	263.4m.	221.7m.
Net profits	12.6m.	10.6m.
Net per share	0.81	0.68

EATON First Quarter	1978 $	1977 $
Revenue	583.0m.	494.0m.
Net profits	31.0m.	24.0m.
Net per share	1.76	1.38

GARDNER-DENVER First Quarter	1978 $	1977 $
Revenue	143.0m.	111.0m.
Net profits	11.0m.	5.0m.
Net per share	0.55	0.27

HONEYWELL INC. First Quarter	1978 $	1977 $
Revenue	—	—
Net profits	33.8m.	26.9m.
Net per share	1.58	1.28

KNIGHT RIDDER NEWS First Quarter	1978 $	1977 $
Revenue	196.0m.	166.0m.
Net profits	14.0m.	10.0m.
Net per share	0.86	0.62

MAYTAG First Quarter	1978 $	1977 $
Revenue	76.0m.	81.0m.
Net profits	8.0m.	9.0m.
Net per share	0.57	0.70

MEMOREX First Quarter	1978 $	1977 $
Revenue	138.9m.	103.8m.
Net profits	9.4m.	8.2m.
Net per share	1.34	1.31

MERCK First Quarter	1978 $	1977 $
Revenue	456.0m.	415.0m.
Net profits	74.0m.	67.0m.
Net per share	0.98	0.89

MUNSINGWEAR First Quarter	1978 $	1977 $
Revenue	33.0m.	30.3m.
Net profits	2.0m.	1.8m.
Net per share	1.47	1.33

NATIONAL GYPSUM First Quarter	1978 $	1977 $
Revenue	182.0m.	147.0m.
Net profits	9.0m.	3.0m.
Net per share	0.57	0.16

NORTHROP First Quarter	1978 $	1977 $
Revenue	434.0m.	372.0m.
Net profits	19.0m.	15.0m.
Net per share	1.38	1.11

NORTH AMERICAN COAL First Quarter	1978 $	1977 $
Revenue	15.1m.	65.8m.
Net profits	*513,000	1.7m.
Net per share	—	0.50

*Loss.

NORTHWEST INDS. First Quarter	1978 $	1977 $
Revenue	530.0m.	425.0m.
Net profits	30.0m.	25.0m.
Net per share	1.90	1.61

OHIO EDISON First Quarter	1978 $	1977 $
Net profits	23.2m.	30.6m.
Net per share	0.34	0.59

OLIN First Quarter	1978 SC	1977 SC
Revenue	346.0m.	382.0m.
Net profits	4.0m.	22.0m.
Net per share	0.16	0.91

PACIFIC PETROLEUMS First Quarter	1978 SC	1977 SC
Revenue	124.0m.	107.0m.
Net profits	25.0m.	22.0m.
Net per share	1.18	1.01

PENNWALT First Quarter	1978 $	1977 $
Revenue	219.5m.	204.3m.
Net profits	10.4m.	9.5m.
Net per share	1.06	0.96

PIONEER TEXAS Third Quarter	1978 $	1977 $
Revenue	15.0m.	—
Net profits	*14,000	—

*Loss.

PUBLIC SERV. & ELECT. First Quarter	1978 $	1977 $
Revenue	602.0m.	543.0m.
Net profits	56.0m.	57.0m.
Net per share	0.74	0.87

SMITHKLINE First Quarter	1978 $	1977 $
Revenue	245.0m.	169.1m.
Net profits	34.1m.	17.9m.
Net per share	1.14	0.60

TIMKEN First Quarter	1978 $	1977 $
Revenue	257.4m.	235.1m.
Net profits	16.1m.	13.7m.
Net per share	1.49	1.22

U.S. INDUSTRIES First Quarter	1978 $	1977 $
Revenue	323.0m.	337.0m.
Net profits	11.0m.	10.0m.
Net per share	0.36	0.30

UPJOHN First Quarter	1978 $	1977 $
Revenue	315.0m.	264.0m.
Net profits	32.0m.	24.0m.
Net per share	1.09	0.82

WELLS FARGO First Quarter	1978 $	1977 $
Revenue	—	—
Net profits	25.0m.	17.0m.
Net per share	1.14	0.83

INTERNATIONAL FINANCIAL AND COMPANY NEWS

DUTCH COMPANIES

Upsurge at Nationale Nederlanden

BY CHARLES BATCHELOR

AMSTERDAM, April 18.

NATIONALE-Nederlanden, the largest Dutch insurance company, reports a 15 per cent. increase in net profit for 1977 on 12 per cent. higher revenues.

Net profit, after allowing for profit participation by policyholders, tax and outside shareholders' interests, rose to Fls.205.3m. ($94m.) from Fls. 178.4m. Total revenues rose to Fls.5.38bn.

Compared with an increase of only 6 per cent. in Holland, international business, including new group companies, rose 25 per cent. and now accounts for 36 per cent. of all revenue against 32 per cent. in 1976. The company therefore proposes raising its cash dividend to Fls.4.80 from Fls.4.20. The final dividend will be Fls.2.76.

Autonomous revenue growth—excluding new group companies, currency fluctuations and incidental single premium life policies—was 12.5 per cent. compared with 20 per cent. in 1976. Total life insurance business in force rose 23 per cent. to Fls.83.52bn.

Life insurance accounted for Fls.132.2m. of the group's profit (Fls.124.7m. in 1976) after allowing for policyholders' participation in the form of premium reductions and bonuses. The non-life result rose to Fls.49.5m. from Fls.21.1m. The improvement was due largely to the better outcome of marine and aviation insurance outside Holland, particularly in the fire, accident and sickness sectors.

Net profit per share rose to Fls.16.53 from Fls.14.36 allowing for the 10 per cent. bonus distribution for 1976. Net assets were Fls.1.74bn. compared to Fls. 1.51bn. at the end of 1976.

Robeco group twist

Sharply differing developments are reported by two members of the Robeco investment group. Rorento, the fund investing in fixed interest securities, recorded a substantial increase in its capital last year while Rolinco, the share investment fund, had bought in some of its shares.

Rorento more than trebled its capital to Fls.945m. from Fls.295m. in the 12 months ended February. This large increase was partly due to the strong demand for the fund's shares from Holland. Net earnings per share rose to Fls.129 from Fls.125 and Rorento proposes raising its cash dividend to Fls.4.65 from Fls.4.50 as well as maintaining its 5 per cent. stock dividend. Net profit rose to Fls.168m. from Fls.49m.

However, Rorento points out that the *favourable developments* in the first 3½ years of the fund's life would "not necessarily be continued in the future." Since Rorento started in 1974, interest rates have gradually declined and bond prices have risen. Taking into account forward currency hedging transactions the fund had 37 per cent. of its assets in Dm. on March 1 against 10 per cent. a year earlier. Yen holdings were 8 per cent. (nil) while dollar holdings were minus 1 per cent. (16 per cent.). Guilder assets were 51 per cent. (63 per cent.).

In the six months ended March, Rolinco repurchased 1.43m. shares. It saw its net assets fall to Fls.2.1bn. from Fls.2.4bn. on September 1. Allowing for the 5 per cent. stock dividend made in December, the fund's share price fell 5.7 per cent. to Fls.114.50.

Rolinco switched into a number of low-priced stocks in the U.S. slightly reducing its total portfolio there and also took *profits in Japan. Last autumn it* made forward transactions of 222,000 ounces of gold worth around $37m. More than half of these contracts have since been closed at a profit.

On balance Rolinco has increased its cash position lifting this to 10 per cent. of assets.

Le Nickel slides into the red

By David White

PARIS, April 18.

LE NICKEL-SLN, the French company which exploits nickel mines in New Caledonia, suffered a severe loss of Frs.65.8m. ($14.3m.) last year, more than twice the size of its 1976 profit of Frs.31m.

The company ran into difficult times in the second half of last year which it said was "profoundly marked by a simultaneous drop in sales, the price of nickel and the value of the dollar." The loss followed a drop in sales to Frs.1.20bn. for the year from Frs.1.25bn.

In a "fairly satisfactory" first half, in which the previous year's improvement in marketing conditions appeared to be continuing, the company showed a net profit of Frs.14.2m.

Le Nickel is owned half by the Rothschild - controlled metals group Imetal and half by the State-controlled Elf-Aquitaine oil combine.

Court reverses Unilever ruling

By Leslie Colitt

BERLIN, April 18.

THE WEST Berlin Appeals Court has annulled a decision by the Federal Cartel Office forbidding West Germany's largest producer of margarine from offering a quantity rebate to consumers.

Union Deutsche Lebensmittelwerke GmbH, a Unilever company, was offering users of its leading brand of margarine (Rama) DM3 if they bought 12 500-gm tubs within 12 weeks. The Cartel Office ordered the offer to be stopped on the grounds that it was an "abuse of a market-dominating position."

Now the Cartel Office says the Appeals Court annulment of its decision demonstrates the "high degree of evidence required in order to prove obstructionary misuse by market-dominating companies."

It said the move did not represent a genuine price reduction for the consumer.

Mounting losses at Salzgitter

BY OUR FINANCIAL STAFF

DOUBLED LOSSES for the year ended last September and the prospect of a further heavy deficit for the opening six months of the current year were announced yesterday by Salzgitter the West German steel, shipbuilding and energy company.

Net losses last year rose from DM50m. to DM95m. ($48m.) and with the steel making arm of the company—which had its worst quarter ever during October to December—running at less than two-thirds of full capacity, another sharp setback is expected for the first half of 1977-78.

Steelmaking conditions have improved modestly since December, but Salzgitter is still cutting capital spending back to around DM400m. ($200m.) on a group basis for 1977-78, whereas two years ago it pumped DM583m. into its operations.

Last year the company's non-steel activities made an overall net profit of DM53m. with steel alone running DM143m. into the red. The resultant net deficit is once again being written off against reserves.

Last year's group net loss was after tax of DM93.6m. compared to DM85.2m., depreciation of DM287.3m. (DM329.5m.) and interest of DM200.6m. (DM187.2m.).

Grundig ahead

Grundig, the West German electrical group, to-day reported that its 1977-78 turnover went up by 9 per cent., writes Guy Hawtin, from Frankfurt. Growth in the domestic market was well above the industry's average, but overseas sales were rather less satisfactory with business hit by pressure on prices and currency fluctuation.

Total sales for the year, which ended March 31, amounted to DM2.75bn. ($1.34bn.) against the previous year's DM2.51bn. Group home turnover rose 13 per cent. to DM1.53bn., while demand was up a full 16 per cent. compared with the industry's average of 7 to 8 per cent.

* * *

Incoming orders of the Fried Krupp group, including foreign subsidiaries in the first quarter of 1978 were 3 per cent. above the level of the same period last year. Krupp managing Board member Klaus Dyckerhoff said yesterday. Speaking at the Hanover Trade Fair, he told journalists all sectors except steel trading and plant construction contributed to the improvement, with a particularly strong performance recorded in the engineering division.

Incoming orders in the steel production sector were around 15 per cent. above the year ago level on a tonnage basis, with March the most successful month.

The rise in steel production was stimulated by speculative purchases ahead of already announced price rises.

French stores seek even keel

By Our Own Correspondent

PARIS, April 18.

THE BIG French department stores are still struggling to get back on an even keel. Galeries Lafayette, one of the leading Paris stores, last year narrowed its net loss from Frs.14m. to Frs.9.5m. ($2.1m.) in its third successive year in the red.

Its sales increased by only 6 per cent. to Frs.1.24bn. *($270m.) compared with* Frs.1.17bn. in 1976.

Brighter news came from the Au Bon Marché group, which increased its net profit last year from Frs.9.4m. to Frs.12.5m. ($2.7m.) and has decided to resume dividend payments after a gap of several years. The dividend is set at Frs.4.

Growth at Moulinex

MOULINEX, the French manufacturer of electrical kitchen appliances, increased its non-consilidated net profit last year to Frs.65.4m. ($14m.) from an adjusted 1976 result of Frs.55.5m., writes David White.

The proposed dividend of Frs.2 net per share is the same as was paid out last year, but will be distributed on 10 per cent. higher capital in the wake of a scrip issue made in January.

Near 30% rise in profit for Oerlikon-Buehrle

BY JOHN WICKS

ZURICH, April 18.

PROFITS higher by almost 30 per cent. for 1977 are announced by Oerlikon-Buehrle Holding, the major Swiss industrial group

Group turnover rose 15 per cent. to Sw.Frs.2.69bn. ($1.4bn.) last year from Sw.Frs.2.35bn. This rise, which had been anticipated by the group as early as last spring, follows one of 20 per cent. in 1976. Net profits showed another sharp expansion last year to reach Sw.Frs.204.6m. ($107m.) compared to Sw.Frs.158.3m.

At the coming annual general meeting, to be held on June 14, the board will recommend an increase in the dividend from 14 to 15 per cent. at the same time, shareholders will be asked to approve a merger with C. F. Bally AG, the Zurich-based parent company of the Bally group, some 99.5 per cent. of whose capital is now held by Oerlikon-Buehrle.

* * *

The past year has brought record results for Deutsche Laenderbank, the Frankfurt-based merchant banking house owned jointly by Dresdner Bank (75 per cent.) and Union Bank of Switzerland (25 per cent.). Total assets rose by 16.3 per cent. to DM3.75bn., which represents the equivalent of DM51m. per employee of the bank.

Operating as a clearing bank, broker and discount house, Deutsche Laenderbank works as an autonomous profit-centre venture of the parent institutions, specialising in business with large-scale clients throughout the world.

Deposits rose from DM2.8bn. to DM3.36bn. last year, with those by non-banks up 16 per cent. to DM867m. of this total. On the asset side of the balance sheet, loans and discounts rose to DM1.72bn. from DM1.66bn. From net profits of DM8.1m., the bank is to pay an unchanged dividend of 18 per cent.

Zurich Insurance rights issue

BY OUR OWN CORRESPONDENT

ZURICH, April 18.

AN INCREASED dividend and a rights issue is proposed by Zurich Insurance Company, Switzerland's biggest insurance concern and one of the leading European groups in this sector.

At the company's annual general meeting on May 10 the Board is to recommend the payment of a gross dividend of Sw.Frs.220, against Sw.Frs.200 per share previously from net profits of Sw.Frs.48.73m. ($25m.), against Sw.Frs.43.15m. previously. A proposed Sw.Frs.16m. (Sw.Frs.12m.) will be transferred to special reserves.

Shareholders will also be asked to approve the creation of so-called participation certificates, a Swiss form of non-voting share. Subject to subsequent Federal approval, a total of 200,000 bere certificates of this kind with a face value of Sw.Frs.50 each will be issued, adding a nominal Sw.Frs.10m. to total capital.

The new certificates will be entitled to dividend as from July 1. Some 161,040 of them will be offered to existing shareholders and holders of convertible bonds in a rights issue and at a share price of Sw.Frs.350 each.

Each registered and bearer share will entitle stockholders to purchase one participation certificate. The holders of convertible bonds will have a direct drawing right, ownership of bonds valued at Sw.Frs.5,000 entitling holders to subscription of one of the new certificates.

The remaining 38,960 certificates will be reserved for employee participation and for such transactions as the financing of acquisitions.

Zurich Insurance booked gross premium income of Sw.Frs.2.6bn. in 1977, a rise of 2.2 per cent. over the previous year. The increase would have been of as much as 15.5 per cent. but for the alteration in exchange rates last year, much of Zurich's business coming from outside Switzerland. On the earnings, both the underwriting profit and capital income increased during 1976.

EUROBONDS

Dollar sector moves up in active trading

BY FRANCIS GHILÈS

THE DOLLAR sector had another good day yesterday with prices moving up in many cases by ¾ of a point in turnover which was heavier than on Monday. Some dealers are hoping that a re-opening of the new issue market might follow but even the optimists are cautious. The floating rate note sector was also firm while the convertibles shed a point or two in profit taking, following the big increase in prices witnessed at the beginning of the week.

A $30-35m. floating rate note for Handlowy w Warzawie Bank is expected next week. It is being arranged by Banque Nationale de Paris and final terms have not yet been decided.

The second Asian dollar floating rate certificate of deposit for Mitsui Bank in Singapore is expected in the market before the end of the month. The lead manager is Merrill Lynch International (Asia), the amount $30m., and the interest rate is expected to be set at ¼ per cent. over the Singapore interbank rate.

"The sterling sector is a yoyo market" commented one dealer wryly as prices fell when the market opened, and recovered later to close at about the same levels as Monday night.

In the Deutschemark sector, a DM70m. seven-year private placement has been arranged for Royal Dutch Airlines, KLM, by Dresdner Bank. The bonds, which have an average life of four years, were priced at par

The secondary market continued to drift downwards yesterday, with most prices shedding between half and one point.

Placing new issues appears to be rather more difficult at the moment as Swiss and French investors in particular are much less keen than they have been in recent months to pick up DM denominated paper.

In the Swiss franc sector the South East Zeeland Electric Supply Company is floating a Sw.Frs.15m. ten-year bond with a coupon of 4½ per cent. The bonds, which have been priced at 99 to yield 4.63 per cent., have an average life of 7.3 years. Lead manager of this issue is Banque Gutzwiller Kurz, Bungener.

Legrand raises dividend

BY OUR OWN CORRESPONDENT

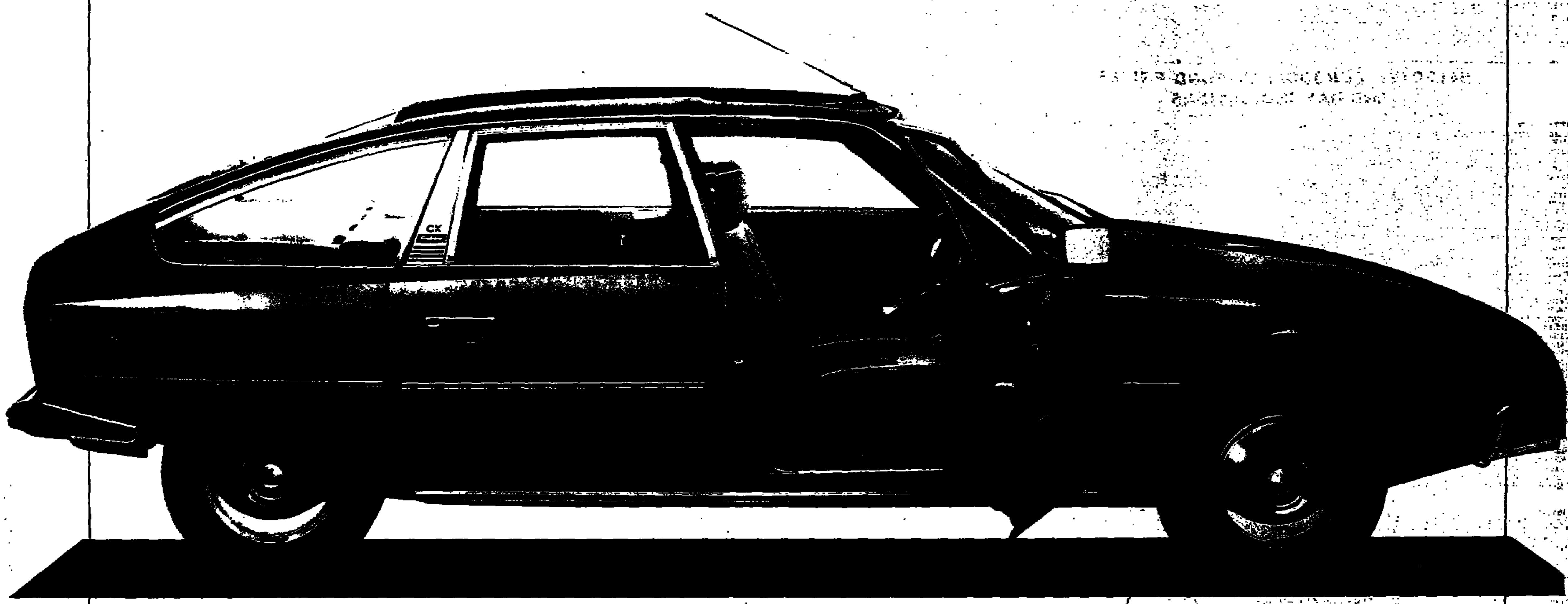
PARIS, April 18.

RAPID growth in exports pushed the Limoges-based electrical group Legrand into France's billion-franc sales league last year, with group turnover increasing by 17 per cent. to Frs.1.03bn. ($224m.).

Legrand is raising its dividend from Frs.21.30 to Frs.24.50, paid on capital increased by 20 per cent. through a recent scrip issue. Discounting exceptional gains, parent company net profit rose by 15 per cent. to Frs.42m. as its turnover increased by a similar margin of 16 per cent. to Frs.862m.

Consolidated net profit, again discounting exceptional gains and provisions, was 29 per cent. up on 1976 at Frs.59.5m. Exports rose by just over a third to Frs.227m., increasing their share of overall turnover from 19 to 22 per cent.

CITROËN CX. A NICE PLACE TO GO HOME IN.



Illustrated CX 2400 Pallas with optional sun roof.

In a life increasingly dominated by schedules, deadlines, traffic jams, parking restrictions and general bureaucratic insanity, the Citroën CX brings a welcome release from the pressures of the day.

Its seats are as inviting as your favourite armchair, hugging as if moulded to the very shape of your body. Their design gives excellent back and leg support. However long the journey, driver and passengers are comfortable and arrive relaxed without feeling any need to stretch their legs or flex their muscles.

SMOOTH.

Whatever price you pay for a car you will not buy a suspension superior to Citroën's unique hydropneumatic system. It keeps the car perfectly level however much you load it. The ride in a CX remains delightfully smooth all the way home with the hydropneumatic suspension absorbing any unexpected road shocks.

A bonus to all this is the comforting knowledge that if you had a blowout on the motorway Citroën's hydropneumatic suspension would automatically adjust to maintain directional stability and keep the car safely under control.

Further reassurance is provided by Citroën's VariPower steering. It prevents wheels being deflected by road surface irregularities and grows progressively firmer with increasing speed so that the driver always remains in complete control.

At low speeds and for parking, the steering is fingerlight, and power-returns to a straight line position immediately the steering wheel is released. No other car has a steering which can match it.

QUIET.

Quietness is yet another feature of the CX, due principally to the aerodynamic styling which reduces wind noise by allowing the wind to sweep over, under and around the car. A high level of sound insulation makes a further contribution to quietness in the CX by reducing road noise.

It also bears mentioning that the wind cheating aerodynamic lines of the CX result in improved performance and reduced fuel consumption with the CX Pallas returning some pleasantly surprising mpg figures. A further benefit of aerodynamic design is demonstrated by the increased stability of the car at high speeds.

As you'd expect, the fittings on such a car leave little to be desired. All considered, an extremely nice place to be. In a sea of chaos, an island of calm.

CX comfort starts at £4636·71 for the CX 2000. The range extends up to the luxurious, longer wheelbase CX Prestige Injection C-matic at £8640·45 and offers a choice of engines (carburettor or fuel injection) and manual or C-matic transmission. All CX models have recommended service intervals of 10,000 miles and have a 12 months' guarantee. The suspension is guaranteed for 2 years (max: 65,000 miles).

Prices include car tax, VAT and inertia reel seat belts but exclude number plates. Delivery charge £68·04 (inc. VAT). Prices are correct at time of going to press.

Please enquire about our Personal Export, H.M. Forces and Diplomatic schemes and Preferential Finance scheme. Check the Yellow Pages for the name and address of your nearest dealer. Citroën Cars Ltd., Mill Street, Slough SL2 5DE. Telephone: Slough 23808.

A selection of the 16 models in the CX range.

Model.	Top speed.	Price.
CX 2000	109 mph	£4636·71
CX 2400 Super (5 speed)	112 mph	£5427·63
CX 2400 Pallas Injection (C-matic)	112 mph	£6597·63
CX 2400 GTi (5 speed, Injection)	118 mph	£6580·08
CX 2400 Safari Estate	109 mph	£5575·05
CX 2400 Familiale	109 mph	£5678·01
CX Prestige Injection (C-matic)	112 mph	£8640·45

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CITROËN CX

INTERNATIONAL FINANCIAL AND COMPANY NEWS

MEDIUM-TERM LOANS

Lower terms for Hungary

BY FRANCIS GHILES

HUNGARY has awarded a mandate to Continental Illinois to raise a loan of $300m. for seven years on a spread over the interbank rate of ⅝ per cent. for the first three years rising to ¾ per cent. for the last four.

These terms provide further evidence that spreads are far from having bottomed out. Only two months ago, the National Bank of Hungary arranged a $100m. seven year credit through a group of Middle East banks on a spread of 1 per cent.

The implications of such terms are twofold. Firstly, they will encourage other East European borrowers to try even harder to improve the terms they are getting.

The second implication of the terms obtained by Hungary is that neighbouring Austria, which traditionally obtains slightly better terms, will try and achieve a ½ per cent. spread on its next loan, thus putting the country into the top bracket of European borrowers such as France and Norway.

This development will also encourage such borrowers to try and raise larger sums than hitherto on spreads of ½ per cent. The Hungarians are also confirmed as the shrewdest of East European negotiators. However a number of U.S. banks are unhappy about the terms obtained by Hungary and say they simply do not wish to lend at such low interest rates.

Another East European borrower, Bank Handlowy w Warzawie has meanwhile arranged a short-term loan syndicated exclusively among Middle East banks: $40m. for two years on a spread of 1¼ per cent. throughout. Lead manager is UBAF. Poland is the one East European borrower which has not succeeded in improving terms on which it raises money in the West in recent months.

A number of Middle Eastern and North African borrowers are currently completing loans. Gulf Air has just signed a $40m. seven year loan which carries a spread of 1¼ per cent. with a group of banks led by Gulf International Bank. This loan confirms that four banks based in the Gulf, Abu Dhabi Investment Company, National Bank of Abu Dhabi, Gulf International Bank and Kuwait International Investment Company are fast carving out for themselves a strong position when it comes to leading medium-term syndicated loans raised in the international capital markets, for borrowers from this area.

Some of these banks are now extending their activities to North Africa. Abu Dhabi Investment Company is currently arranging a $100m. 8-year loan for the Moroccan state phosphate company OCP. The loan carries a spread of ⅞ per cent., a marked improvement on the terms obtained by the Kingdom of Morocco for a $325m. loan signed last December (a split rate of 1¼-1¾ per cent. for seven years). This new loan will carry the guarantee of the Kingdom of Morocco.

Tunisia meanwhile is raising $20m. for seven years on a split spread of 1 per cent. for the first three years rising to 1¼ per cent. The borrower is Societé Italo-Tunisienne d'Exploitation Petroliere, a joint Italian-Tunisian company. The loan, which marks no basic change in the conditions the last Tunisian borrower obtained in the market is guaranteed by AGIP, a subsidiary of Italy's state oil company ENI. Citicorp is agent.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	97	97½
Australia 8¾pc 1992	94½	95¼
Australian M. & S. 9½pc '92	98½	99
Barclays Bank 8½pc 1992	98	98½
Bowater 9½pc 1992	98	98½
Can. N. Railway 8¾pc 1986	98½	99
Credit National 8¾pc 1986	98½	99
Denmark 8¾pc 1984	100½	101½
ECS 9pc 1993	98¼	99½
EIB 8¾pc 1992	99	99½
EMI 9½pc 1989	98½	99½
Ericsson 8¾pc 1989	97½	98
Esso 8pc 1986 Nov.	101½	102½
Gt. Lakes Paper 8½pc 1984	99	99½
Hamersley 9½pc 1992	100½	101½
Hydro Quebec 9pc 1992	96½	97½
ICI 8¾pc 1987	98	98½
ISE Canada 9¼pc 1986	104	104½
Macmillan Bloedel 9pc 1992	96½	97½
Massey Ferguson 9¼pc '91	96½	97½
Michelin 9½pc 1988	102½	103
Midland Int. Fin. 8¾pc '92	98½	99½
National Coal Bd. 8pc 1987	95	95½
National Westmnstr. 9pc '86	101½	102½
Newfoundland 9pc 1989	101½	102
Norges Kom. Bk. 8½pc 1992	97½	98½
Norpipe 8¾pc 1989	98	98½
Norsk Hydro 8½pc 1992	96½	97½
Oslo 9pc 1988	102½	103
Ports Autonomes 9pc 1991	98½	99
Prov. Quebec 9pc 1993	96½	97½
Prov. Saskatch. 8¾pc 1986	100½	101
Reed International 9pc '87	95½	95½
RHM 9pc 1992	93½	94½
Selection Tst. 8½pc 1989	91	92
Skand. Enskilda 9pc 1991	99½	100½
SKF 8pc 1987	93½	94½
Sweden (K'dom) 8½pc 1987	96½	97½
United Biscuits 9pc 1989	99	99½
Volvo 8pc 1987 March	93½	94½
NOTES		
Australia 7½pc 1984	96½	97
Bell Canada 7½pc 1987	95½	96½
Br. Columbia Hyd. 7½pc '85	94½	95½
Can. Pac. 8½pc 1984	100	100½
Dow Chemical 8pc 1986	99	99½
ECS 7½pc 1982	97	97½
ECS 8½pc 1989	96½	97
EEC 7½pc 1982	97½	98½
EEC 7½pc 1984	96½	97½
Enso Gutzeit 8½pc 1984	97½	98
Gotaverken 7½pc 1982	98½	99
Kockums 8pc 1983	98½	99½
Michelin 8½pc 1983	99½	100½
Montreal Urban 8½pc 1981	101½	102
New Brunswick 8pc 1984	97½	98½
New Bruns. Prov. 8½pc '83	100½	101½

	Bid	Offer
New Zealand 8½pc 1986	99	99½
Nordic Inv. Bk. 7½pc 1984	96½	97½
Norsk Hydro 7½pc 1982	97½	98½
Norway 7½pc 1982	96½	97½
Ontario Hydro 8pc 1987	96½	97½
Singer 8½pc 1982	100½	101½
S. of Scot. Elec. 8½pc 1981	100½	101½
Sweden (K'dom) 7½pc 1982	98	98½
Swedish State Co. 7½pc '82	98	98½
Telmex 9½pc 1984	100	100½
Tenneco 7½pc 1987 May	94½	95½
Volkswagen 7½pc 1987	96	96½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	87½	88½
Courtaulds 9½pc 1989	87½	88½
ECS 9½pc 1989	92½	93½
EIB 9½pc 1988	92½	93
EIB 9½pc 1992	93	93½
Finance for Ind. 9½pc 1987	88½	89½
Finance for Ind. 10pc 1989	88	89½
Fisons 10½pc 1987	92½	93
Gestetner 11pc 1988	92½	93
INA 10pc 1988	87½	88½
Rowntree 10½pc 1988	87½	88½
Sears 10½pc 1988	87½	88½
Total Oil 9½pc 1984	90½	91½
DM BONDS		
BFCE 5½pc 1988	99½	100½
BNDE 6½pc 1986	96½	97½
CFE 6½pc 1988	96½	97½
Denmark 5½pc 1984	100	100½
ECS 5½pc 1986	96½	97
EIB 5½pc 1990	95	96½
Electrobras 6½pc 1986	97	97½
Euratom 5½pc 1987	99½	100
Eurofima 5½pc 1988	100½	101
Finland 5½pc 1986	98½	99
Forsmarks 5½pc 1990	98½	99½
Mexico 6pc 1985	95	95½
New Zealand 5½pc 1986	100½	101½
Norcem 5½pc 1989	100½	101
Norway 4½pc 1983	101	101½
Philippines 6½pc 1985	98	98½
Rautar Uukki 5½pc 1986	97	97½
Sweden 6pc 1989	101	101½
Tauernautobahn 5½pc 1993	99½	100
Trondheim 5½pc 1988	97½	98
TVO Power Co. 6pc 1988	96	96½
Venezuela 6pc 1988	97½	98½
World Bank 5½pc 1990	98½	99½
FLOATING RATE NOTES		
Bank of Tokyo 1984 7 15/16pc	99½	100
BFCE 1984 8½pc	99½	100½
BNP 1983 8 1/16pc	100½	101½
CCF 1983 8pc	99½	100½
CGMF 1984 7½pc	99	99½
Creditanstalt 1984 7½pc	99½	100½

	Bid	Offer
Credit Lyonnais 1982 8pc	99½	100½
DG Bank 1982 7 15/16pc	100½	100½
GZB 1981 8 1/16pc	100½	101½
Intl. Wstmnstr. '84 7 15/16pc	99½	100½
Lloyds 1983 7½pc	100½	100½
LTCB 1983 8pc	99½	100½
Midland 1982 8pc	101½	102
Midland 1987 7 11/16pc	99½	99½
OKB 1983 7½pc	100	100½
SNCF 1985 8½pc	99½	99½
Std. and Chtrd. '84 7 11/16pc	99½	100½
Wms. and Glyns '84 8 1/16pc	99½	100½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4½pc '87	87	88½
Ashland 5pc 1988	89½	91
Babcock & Wilcox 6½pc '97	95½	96½
Beatrice Foods 4½pc 1992	98	99½
Beatrice Foods 4½pc 1992	103½	105
Beecham 6½pc 1992	95½	96½
Borden 5pc 1992	100	101½
Broadway Hale 4½pc 1987	79	80½
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	127½	129
Dart 4½pc 1987	80	81½
Eastman Kodak 4½pc 1988	81½	83
Economic Labs. 4½pc 1987	76½	78
Firestone 5pc 1988	82½	84
Ford 5pc 1988	80½	82
General Electric 4½pc 1987	83	84½
Gillette 4½pc 1987	78	79½
Gould 5pc 1987	113½	115
Gulf and Western 5pc 1988	86	87½
Harris 5pc 1992	134	136
Honeywell 6pc 1986	89½	91
ICI 6½pc 1992	86½	87½
INA 6pc 1997	97½	99
Inchcape 6½pc 1992	110½	111½
ITT 4½pc 1987	83	84½
Jusco 6pc 1992	117½	119½
Komatsu 7½pc 1990	130½	131½
J. Ray McDermott 4½pc '87	135½	137½
Matsushita 6½pc 1990	171½	173
Mitsui 7½pc 1990	131	132
J. P. Morgan 4½pc 1987	97	98½
Nabisco 5½pc 1988	102½	104
Owens Illinois 4½pc 1987	112½	114
J. C. Penney 4½pc 1987	78½	80
Revlon 4½pc 1987	107½	110
Reynolds Metals 5pc 1988	86	87½
Sandvik 6½pc 1988	108	110
Sperry Rand 4½pc 1987	87	88½
Squibb 4½pc 1987	80	81½
Texaco 4½pc 1988	81½	83
Toshiba 6½pc 1992	135½	138½
Union Carbide 4½pc 1982	95	96½
Warner Lambert 4½pc 1987	83	84½
Warner Lambert 4½pc 1988	77	79½
Xerox 5pc 1988	80½	82
Source: Kidder, Peabody Securities.		

Banking problems reduced in Japan

TOKYO, April 18.

THE number of Japanese companies suspended from bank transactions fell 16.2 per cent. in March to 1,624, from 1,938 in the same month last year, but was 42.6 per cent. higher than the 1,139 in February, according to the Federation of Bankers' Association reports AP-DJ.

Liabilities incurred by the companies involved, capitalised at more than Y1m., totalled Y169.94bn., or 24.6 per cent. more than the Y136.37bn. the previous March, and 108.8 per cent. above February's Y81.39bn.

The number of companies suspended from bank transactions in fiscal 1978, ended in March, reached a record 18,005, up 2.1 per cent. from 17,735 in the previous fiscal year.

Liabilities totalled a record Y1,519bn. or 14.6 per cent. above the Y1,325bn. in 1976-77.

Tokyo margin move

The Tokyo Stock Exchange Securities Policy Committee has asked the Exchange Board chairman to authorise a new rule for margin trading, enabling investors to buy stocks by instalment, reports AP-DJ from Tokyo.

In order to increase trading volume, the committee report said, the number of stocks *allowed for margin transactions* should be raised. Under the current rules, only 437 of the 943 issues listed on the Exchange's first section are allowed to be bought on margin, Exchange officials said.

The new rules include measures to curb speculation, which is expected to grow with the rise in margin transactions.

A decision on the new rules will be made early next month.

Dai-Ei advances

Dai-Ei, the Japanese chain store, increased its net profits for the year to February 28 by 21 per cent. to Y5.98bn. ($27.3m.), from Y4.94bn. the previous year, agencies report from Tokyo.

Sales rose by 11.3 per cent. to Y876.27bn. ($4bn.), from Y788.50bn.

An unchanged dividend of Y15 has been declared.

For the current year, the company forecasts a rise of 8.6 per cent. in net profits to Y6.5bn., on sales up 11.9 per cent. to Y980bn.

Nichii gain

Nichii Trading net profit in the year to February 28 rose 19.2 per cent. to Y4.066bn. ($18.5m.) from Y3.411bn. a year earlier, reports AP-DJ from Tokyo. Sales were up 10.7 per cent. to Y313.47bn. ($1.4bn.) from Y283.067bn.

Guthrie Bhd raises hopes of early return to profits

SINGAPORE, April 18.

GUTHRIE BHD reduced its group net loss in 1977 to S$5.74m. (SUS2.4m.) from S$6.52m. in 1976. Results for the first quarter of 1978, according to the company, encourage the hope of a return to profit in 1978.

Group turnover fell to S$213.2m. (SUS90m.) last year from S$230.34m. The parent company made a net loss of S$6.78m. against a profit of S$1.18m. the previous year. The dividend is unchanged at 1 cent.

The company said that the bulk of its group operating loss arose in Malaysia, mainly in Guthrie Engineering.

Substantial provisions for slow moving stocks and doubtful debts made in 1976 proved inadequate, and further provisions had to be made, but Guthrie Kinia showed "significant" improvement and returned to profit.

Mr. M. J. Gent, the group's chairman, says that the engineering side continues to face problems, and that the company will concentrate its efforts this year on meeting these problems, in order to prepare for future expansion.

The group had divested itself of a number of minor loss-making activities over the past year, he commented.

Reuter

Boustead takeover

THE BOUSTEAD Group, a trading house established in Singapore and Malaysia has extended its operations to the Philippines through the acquisition of the Manila commercial firm, Macondaray and Co., writes H. F. Lee from Singapore. The acquisition was effected through Boustead (Hongkong) which purchased the entire share capital of Macondray for a consideration of 8m. pesos or S$2.6m. (just over SUS1m.) from a family group of American shareholders.

Boustead (Hongkong), which is owned equally by Boustead Holdings of Malaysia and Bousteadco of Singapore will be raising its share capital to $HK5m. to effect the transaction.

The purchase will be settled in four annual instalments over the next three years.

Macondray was established in the Philippines in 1898, and is to-day engaged in manufacturing, trading, engineering, shipping and insurance.

Second-half setback for Ben

BY H. F. LEE

SINGAPORE, April 18

THE LATEST result from Ben and Co., a subsidiary of the Straits Steamship group, has again disappointed shareholders.

Although the company reported an operating profit of S$139,000 (SUS60,000) for the ten months to December 31, against a loss of S$31,000 for the previous full year. The result falls short of the operating profit of S$301,000 registered in the first six months of 1977.

Ben has changed its financial year-end to December 31 in line with other members of the Straits Steamship group.

Against the background of the high level of interest costs, the company's operating profit was turned into a pre-tax loss of S$1.37m. The pre-tax loss for the full year previously was S$1.54m.

Group sales for the ten months totalled S$48.2m. (SUS20.8m.), compared with S$49.66m. for the whole of 1976.

Shell Refining dip

Shell Refining Berhad, an associate of Shell International, reported a sharp fall in profits for last year owing to higher costs of crude oil imports, writes Wong Sulong from Kuala Lumpur. Pre-tax trading profit fell by 46 per cent. to 12.1m. ringgits (SU.S.5.1m.), although sales recorded an increase of 21 per cent. to 610m. ringgits.

The company said the dual pricing system adopted by OPEC during the first half of the year resulted in lower selling prices obtained by the company relative to higher import costs.

A final dividend of 7.5 per cent. is declared, making the year's total 12.5 per cent. As the capital has doubled through a one-for-one scrip issue last May, the dividend is equal to the 25 per cent. dividend given out last year.

Two new banks for Jordan

BY RAMI KHOURI

AMMAN, April 18.

MOVES to develop more sophisticated financial institutions and attract investment capital from private sources in the Arab oil-producing states have received a twin shot in the arm with the opening of two new banks in Jordan within a few weeks.

The country's first merchant bank recently held a general meeting of shareholders to prepare for the start of business. The Arab-Jordanian Investment Bank, with a capital of 5m. Jordanian dinars, or $15m., is authorised to accept deposits only of 12 months or longer and operates no retail banking services. It will specialise in medium- and long-term banking activity, starting in Jordan but gradually spreading into other Arab countries, according to its chairman, Mr. Abdul Qader al Qadi, who is also director of financial affairs at the Ministry of Finance and Petroleum of Qatar.

Mr. al Qadi said that the Arab-Jordanian Investment Bank will also underwrite new share issues syndicate loans, manage investment portfolios for clients and arrange new bond issues—services that have not been offered to local clients by banks in Jordan to date.

The $15m. capital of the new bank is held as to 60 per cent. by Jordanian interests and 40 per cent. by Arab interests in various Gulf states, including the Qatar National Bank, the Abu Dhabi Investment Authority, the Saudi National Commercial Bank, the Riyadh-based Arab Investment Company and the Libyan Arab Foreign Bank.

The other bank that opened here a few weeks ago is the Jordan-Gulf Bank, a commercial bank which also has a capital of J.Dns.5m., or $15m.

Its shareholdings are also held as to 60 per cent. by Jordanians and 40 per cent. by Gulf interests, primarily leading businessmen in Kuwait and the United Arab Emirates. Its chairman is a promiment Jordanian businessman, Mr. Mohammad Nazzal Armouti, who is also acting general manager.

Sadarat OBU for Manila

By Leo Gonzaga

MANILA, April 18.

BANK SADARAT of Iran was recently authorised by the central bank to establish an offshore banking unit (OBU) here, though previous official statements had given the impression that no new OBU would be allowed to be set up in the country until the monetary authorities were sure that expansion was justified by market conditions—or at least until the operations of the 16 existing units became profitable.

Last year, 14 operating OBU's incurred an aggregate net loss of about $1m., but the overall performance was officially regarded as satisfactory. There has been an increase in offshore banking business since then, amid growing indications that the OBU's would end this year in the black.

The choice of Bank Sadarat, according to central bank officials quoted by Metro Manila newspapers, is intended to diversify sources of offshore funds and to provide the Philippines access to petro dollars of the 16 OBU's in the country, eight are American, two British, two French, one Canadian, one German, one Japanese, and one is from Singapore. The latest entry will represent the Middle East.

Monetary authorities are on record as saying that the offshore banking system of the Philippines should be representative of as many regions as possible. Another factor which must have gone into Bank Sadarat's favour is the fact that a substantial component *of the Filipino work-force* in the Middle East is in various Iranian construction projects.

Israel amends liquidity rules

By L. Daniel

JERUSALEM, April 18.

TWO amendments to liquidity regulations were approved by the Israeli Inter-Ministerial Economic Committee this week to meet the needs of those unable or unwilling to "freeze" funds for a period of a year or more. The first amendment permits the issue of transferable deposit certificates—in Israeli pounds. These certificates may be issued for periods of from three to six months or for six months (or longer), with the liquidity ratios set at 26 and 20 per cent. respectively.

Furthermore, whereas the shortest time deposit till now was three months, banks may now accept deposits for between two to three months, with the ratio fixed at 25 per cent. These measures are mainly intended to assist those firms having funds available temporarily pending the arrival of equipment or raw materials.

FINANCIAL TIMES REPORT

Wednesday April 19 1978

Gibraltar

The lingering dispute between Britain and Spain over sovereignty of Gibraltar seems to have one beneficial side-effect—the creation of a sense of national identity among Gibraltarians. This new-found feeling will need to be recognised in any final solution to the problem.

Looking for a lasting formula

By Robert Graham

EVERY DAY British soldiers open two sets of iron gates that separate Gibraltar's frontier with Spain. The gesture is purely symbolic because the adjacent Spanish gates remain closed and have done so except on rare emergencies since the Franco Government unilaterally decided to shut off all physical Spanish contact with Gibraltar in June, 1969. The populations on either side of the frontier have only been able to keep in contact through a dialogue of gestures and shouted conversations across no man's land. Gibraltarians like to show visitors this, their little Berlin Wall, to bring home just how isolated they are. To reach the Spanish mainland requires a trip in a ferry to Tangier and then back *either to Algeciras or Malaga*—at its quickest three hours.

The physical and psychological contraints of the Spanish blockade, enforced in pursuance of what Spain regards as its *historic claim to the Rock* ceded to the British crown by the Treaty of Utrecht in 1713, have *largely been ignored by the outside world*. But for the Gibraltarians forcing them to *learn to live within the confines* of 2¼ square miles of rocky Mediterranean headland, they are very real.

But instead of persuading the populace of under 30,000 to accept that their future lay with Spain and under Spanish sovereignty, the restrictions have had the very opposite effect. The close affection for and identification with Spain felt by many of the inhabitants has evaporated in the face of Spain's unfeeling bully-boy mentality. The Spanish authorities *have lacked the imagination* for any sort of "hearts and minds" campaign that could capitalise on these close personal and cultural links. The sole contact that most Gibraltarians have had with Spain in ten years is through Spanish television, hardly an edifying experience either under Franco or now in the post-Franco era. Meanwhile, though ruled by Britain, they have led stable, *tranquil lives, able to express* themselves freely and avoid the traumas of fascism and the potential instabilities of post-Franco Spain.

Suffered

People suffered from the blockade but not as disastrously as expected. The traders in Main Street lost the custom of 600,000 day tourists who visited *the Rock each year, but the* economy did not collapse. The withdrawal of the Spanish labour force, 30 per cent. of the total, was eased by their replacement by workers from Morocco. Continued British military spending, now running at £12m. a year, the presence of 4,000 Servicemen and their families plus important *British* grant aid has kept the economy ticking over, albeit at near *stagnation* level in *some years*. Everyone has had to make readjustments so that now, artificial though the Rock's existence might seem, there is a genuine community spirit and a sense of identity and purpose.

Until the restrictions were imposed in the 1960s, Gibraltar was taken for granted as a British colony both by the British and the Gibraltarians themselves. *Since then Britain's* shrinking world role has reduced Gibraltar's strategic significance as a fortress guarding the entrance to the western Mediterranean. Gibraltarian con*sciousness of this*, coupled with the isolation resulting from the Spanish blockade, has resulted in the gradual emergence of a distinct Gibraltarian identity — something which did not exist in such obvious form ten years ago.

Of course the emergence of such a sense of identity has been facilitated by the size of the community. But against this the population has extraordinarily heterogeneous roots derived from a mixture of Arab, British, Genoese, Indian, Portuguese and Spanish ancestry. The polyglot nature of society is evidenced by the Roman Catholic headmaster of the Jewish school. Traditionally the local population have come *below the colonial presence in* the pecking order, with the imported labour force at the *bottom of the scale*. But with greater British emphasis on the Gibraltarian nature of Gibraltar, *especially since* the 1969 constitution, the overt colonial presence has become less prominent.

No matter whom you consult in Gibraltar today — the Chief Minister Sir Joshua Hassan, the main opposition leader, Mr. Maurice Xiberras, who identifies with integration with Britain, the Gibraltar Autonomy Party that favours Spanish sovereignty, or a newly formed Marxist-Leninist grouping that wants to see an end to the colonial British presence — all *in varying forms say this about* themselves: "We are not British, we are not Spanish but a *mixture* that is Gibraltarian." For instance the fact that English has been consciously sponsored as the official language although Spanish is the first spoken language is accepted by the majority as an instance of the peculiar nature of Gibraltar.

The differences in attitude *are frequently magnified* in such a small and highly voluble community. Essentially they centre round the degree to which people are prepared to accept the waiving of restrictions against a change in sovereignty. It is 11 years now since Gibraltarians voted 95.8 per cent. in favour of retaining British sovereignty. Still it seems that the majority would prefer to accept continued *British sovereignty and retain* the restrictions than accept Spanish sovereignty. The change now, one suspects, is that a large proportion would secretly favour, if possible, some form of internationally guaranteed autonomy. Not that Britain is considered unreliable —it is respected for being *straightforward* and *upright in* its continued support. The attitude is rather that continued colonial status for the Rock is considered unrealistic in a changing Europe.

The British Government view has been and remains that expressed in the Gibraltar Constitution Order of May, 1969, binding Britain never to enter into "arrangements under which the people of Gibraltar would *pass under the sovereignty of* another State against their freely and democratically expressed wishes." Whitehall has argued with Spain that no meaningful dialogue can begin on the future of Gibraltar until the unilaterally imposed restrictions are removed. From the Spanish point of view, the restrictions have always been considered the main bargaining counter—hence the diplomatic impasse.

It is a measure of the com*plexity of the problem that the* two recent meetings in Paris and Strasbourg that included *the first formal encounter* between Spanish, British and Gibraltarian officials have been greeted with such caution. There is undoubtedly a new atmosphere between Madrid and London, created in large measure by the advent of an elected Government in Spain anxious to participate fully in Europe. Although Gibraltar is still an emotive political issue in Spain, the Suarez Government is *not bound by the same rigid* chauvinistic considerations as was Franco. Furthemore, the *Spanish Government seems* aware that the sanctions applied to Gibraltar could prove embarrassing if continued indefinitely, since they are contrary to the European convention for the protection of human rights and also arguably against both the spirit and letter of the Helsinki accords.

Significant

The positive developments when measured against the previous impasse are significant. In the past nine months some form of contact has been established with both Spanish officials and the Spanish political parties that has included visits to Gibraltar and reciprocal visits to Spain. Telephone links have been allowed to remain open after the customary Christmas "*humanitarian*" period (this does not apply to telex communications). The British *Foreign Secretary*, Dr. David Owen, in introducing Sir Joshua Hassan and Mr. Xiberras at the meetings in Strasbourg and Paris, told his Spanish counterpart that these two men were the ones he had to convince and what they agreed he would advise Parliament to accept. Apparently the Spanish side accepted this. Agreement has been reached on the establishment of three working committees to study, among other *things, telecommunications*, a direct ferry link and payment of pensions to Spanish workers formerly employed in Gibraltar.

However, all parties concerned recognise that this is only scratching at the surface of the problem. The working parties are a cosmetic arrangement to smooth the ground for more substantive issues. Sovereignty has not even been mentioned—or at least none of the parties has admitted in public to it being mentioned. The Gibraltarian representatives *have also been careful to call* the dialogue "conversations," not "negotiations."

Progress will be determined by three main elements from now on. First, the future of Gibraltar will not be considered in isolation but in the context of Spain joining the European Community and its possible membership of, or association with, NATO. Controlling the western approaches to the Mediterranean, its military *value as a port, dry dock and* fortress are less significant now, but its control as a *friendly* centre for monitoring the Soviet fleet is important to NATO. Therefore NATO needs to be assured that Gibraltar's future status is stable and friendly. Second, the development of Spain's democratic process, especially the establishment of regional autonomy, will affect Spanish attitudes to Gibraltar. So too will the evolution of the political situation in Morocco and indirectly *the former Spanish Sahara*, with its possible repercussions on the enclaves of Ceuta and Melilla (whose inhabitants incidentally send letters to Gibraltarian politicians implo ing them to reject Spanis sovereignty).

The final element is th establishment of trust. Th Gibraltarians do not trust Spai and it is going to be hard fo a weak Spanish Government t give them grounds for trus The offer of a vaguely auton *mous Gibraltar tacked on t* Andalusia, one of the poore and most backward regions i Spain, is greeted unenthusiast cally by all Gibraltarians. B the same token if Britain wan Gibraltar to forego its coloni status and ultimate Britis sovereignty, a secret fear o many, then it must be seen t be doing this not in the wide context of smooth Anglo-Spanis relations at the Gibraltaria expense. *So far this trust h* been retained and earlier month was reinforced by *commitment to provide £14m* aid over the next three ye in addition to its contin expenditure on the mili presence on the Rock.

Arriving at the Rock from Tangier.

The senior statesman

GIBRALTAR'S CHIEF Minister Sir Joshua Hassan must be the longest-serving elected leader in the Western World. His spectacular political career goes back to World War II when, as a young lawyer, he was asked by a group of workers to *join them in forming an association* to defend workers' rights and improve living conditions. In 1945, at the first post-war city council election, the Association for the Advancement of Civil Rights won every seat. The young lawyer topped the poll—a feat he has since repeated at all *Gibraltar elections* but one.

Gibraltar's Chief Minister, Sir Joshua Hassan.

Sir Joshua and the political emancipation of the Gibral*tarians go hand in hand.* He was the first Mayor, the first Chief Minister. The Gibraltar Labour Party and AACR, as the party is now known, is intimately linked to its leader who is, in most people's minds, the personification of the party. When Hassan retires, they say, the party will crumble. *Certainly, he is a heavyweight* whose influence and popularity are without question. In an electoral system where each voter has the right to vote for up to eight candidates—and considering that by having eight candidates elected a party is assured of gaining power—there is little doubt that the Hassan *influence helps to swell* the votes obtained by other party candidates. This will be *put to the test the day he finally* goes.

Sir Joshua works best when *under pressure*. His detailed knowledge of Gibraltar's affairs does not blur a wider vision of events. He can be immersed in parochial politics one minute and in international matters the next.

The Spanish problem is what, in effect, has provided him with the stature of a statesman. It has propelled him on to a world plane. Working with as many as ten governors of Gibraltar, appearing at the United Nations as a Gibraltar petitioner, meeting countless British Ministers and now coming face to face with a Spanish Foreign Minister have all moulded Sir Joshua into what he is to-day. The *British like him, the Spaniards* respect him.

There is a Spanish saying that the British do nothing on Gibraltar without first consulting Sir Joshua; and in Gibraltar it is said that Sir Joshua does nothing without prior reference to Whitehall. He has faced charges of being too British, and on the *other hand* of wanting a deal with Spain. But he continues unabated with his moderate *and pragmatic politics*, subscribing to the view that time is a healer. It was on return to a massive welcoming demonstration after a United Nations' address that he coined the phrase: "With Britain, but not under Britain." Symbolically, at his spacious office in the Government secretariat, he sits next to a portrait of the Queen—and an unfurled Gibraltar flag. The present series of *talks* with Spain, at which there is Gibraltarian participation for the first time ever, was a Hassan initiative which gained unanimous support.

Before the last general election *Sir Joshua had decided to* retire, but then Franco died and he opted to stay on with the *hope that change might help* solve the Gibraltar problem. But this is likely to be his last *term in office*. To a politician who hit the limelight so early in life, being 62 must seem terribly old.

Joseph Garcia

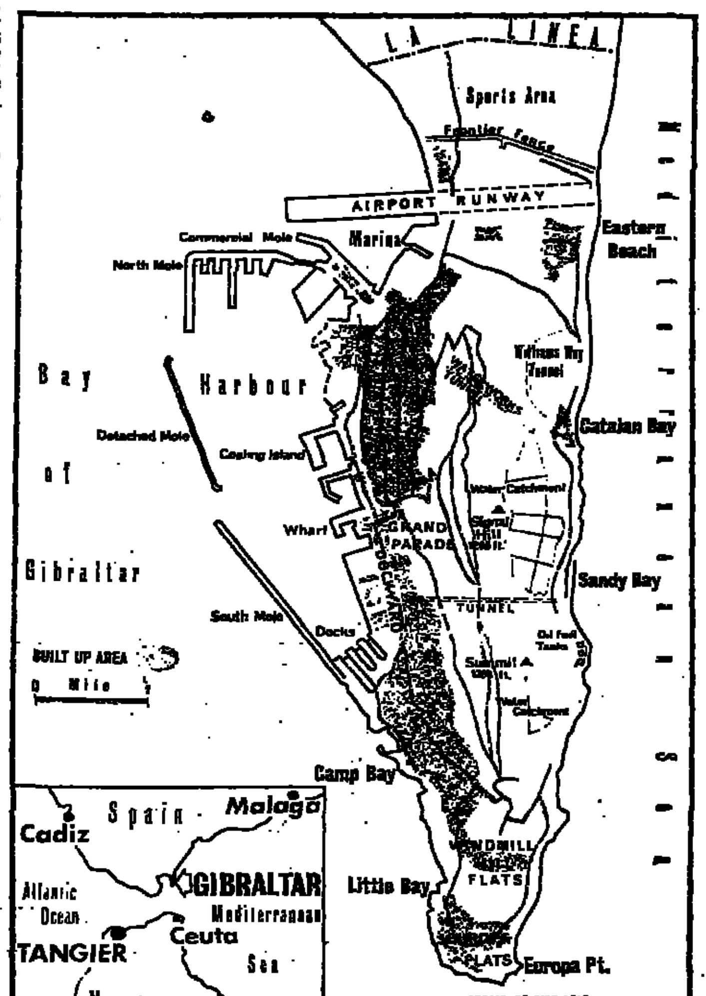
Aid poses a difficult challenge for the economy

:IBRALTAR'S ECONOMIC jig-aw is dominated by four key ieces: the final acceptance of iarity of wages and salaries vith U.K. rates; the prospect of tough Budget later this month; n ambitious development pro-ramme in the *public* sector; nd the hope of expansion in he private sector as relations vith Spain begin to take a turn or the better. For the moment, ie public sector is responsible or an estimated 70 per cent. of ie economy, with British de-ence spending being a major nd vital source or income. The rivate sector, down to only 30 er cent., is not having a par-cularly cheerful time.

As part of Britain's policy to ipport and sustain Gibraltar uring its present difficulties ith Spain, £14m. in British aid being made available to olster the Rock's new three-ear development programme hich envisages a total expendi-re of £28m. This substantial d plan was the outcome of two iys of talks in Gibraltar earlier is month between the U.K. inister for Overseas Develop-ent, Mrs. Judith Hart, and ibraltar's leaders. The major eas of British assistance are housing, education and port velopment.

The Gibraltar Government, r its part, is faced with the ospect of having to fund what iounts to half the programme iich is, at £14m., an exception-y high figure for such a small nmunity whose revenue-pro-cing resources are so limited. ring the plan's three-year riod, the Government expects raise £1m. from an annual dgetary contribution which ans in effect that tough re-iue-raising measures are ely to be a recurring feature. ome tax at £5.2m. and toms receipts at £3.4m., the main sources of income, re-sent over 60 per cent. of the global Government revenue and are already heavily taxed areas when seen in the context of Gibraltar which fears the erosion of its low-tariff reputa-tion.

By way of local borrowing, the authorities are *thinking in* terms of introducing develop-ment bonds which can be com-petitive with the U.K. gilt and other markets which at present encourage a savings and invest-ment drain from Gibraltar. Thought is also being given to working out a formula which is "both equitable and reason-able," as the Chief Minister puts it, that will require banks and other authorised deposit-taking institutions to retain in Gibraltar a reasonable propor-tion of the funds deposited with them. The Government also needs to raise some £9m. in the overseas commercial market to finance the acquisition of new electricity and water distilling equipment.



Exemption

The search for new sources of revenue led some years ago to *the passing of "tax haven"* legislation which grants certain companies exemption from income tax and estate duty upon the payment of an annual tax of £225 or £200, depending on whether the company is ordi-narily resident or not. The com-panies' registry does not dis-tinguish between an "exempt" company and one which is not, but it is known that between 600 and 700 companies have already taken advantage of the tax haven facility.

Gibraltar's tax haven role has in fact been developed with little publicity and remains, for this reason in particular, rela-tively unexploited. It is the only tax haven within the sterl-ing area and outside the British Isles. Capital Transfer Tax, for instance, does not apply to it. Certainly, the Rock's exempt company legislation has been approved by the Foreign and Commonwealth Office, which is ultimately responsible for Gib-raltar's fiscal affairs, and the authorities here are intent in keeping such operations within the realms of respectability and responsibility. It is a question also of attracting those opera-tions which bring real benefits to Gibraltar, according to Financial Secretary, Mr. Alan Collings. Using the exempt status philosophy, Gibraltar is also developing as a captive insurance centre whereby cer-tain insurance companies pay a flat rate of annual tax regard-less of profits.

Undoubtedly, the Govern-ment's development programme will help activate certain sectors of the economy, notably the construction industry which has been on a limb due to what the opposition describe as a virtual standstill in Government-spon-sored projects. The retail sector has also been cutting down on staff, and young people in par-ticular have been experiencing problems in securing jobs. But the latest unemployment figure of less than 200, while not low in a community accustomed to over-employment, is not high by world standards and must in any case be viewed within a situation where foreign labour accounts for over one-quarter of the 12,000 workforce.

In the last five years the weekly wage has more than doubled but average earnings of £43 include an element of over-time. The basic pay for a trades-man is £31.75 for a 40-hour week plus a weekly £2 productivity bonus. What will push wages much higher is the final accep-tance by the official employers (Gibraltar and the British Gov-ernment) of full parity with comparable U.K. rates of local wages and salaries which at present bear a 72 per cent. relativity. Parity with the U.K. has been the union's battle-cry since 1974.

However, the deal comes at a time when the private sector can least afford it. Although not legally bound to accept the parity principle, the repercus-sions will be hard-felt. "We are going to find ourselves in an ex-tremely difficult position," says Mr. Wilfred Garcia, President of the Chamber of Commerce.

The main street traders com-plain of reduced local spending at a time when the tourist con-tribution is erratic. Although ex-cursion traffic from Morocco is one-third up, the need to arrest the general decline in tourism is seen as an absolute necessity.

The hard-hit hotel industry is facing increased costs and re-duced traffic, with tourist sleeper occupancy down to 33 per cent. of last year's figure. While advance bookings are promising, no real overall up-surge seems likely in a year which may well be dominated more by hopeful expectations than by concrete realisations.

Thrown in for good measure is a major confrontation between those who favour more air charters on the London route and those who say that this will risk the security of service pro-vided by the scheduled carriers, British Airways and Gibraltar Airways, the latter now carrying 56 per cent. of the traffic—chartering—BA Tridents with 95 per cent. of the tourists coming from Britain. There is a constant cry about a lack of seats on the London route where the load factor last year, excepting January, was in excess of 70 per cent. throughout the year, reach-ing 93 per cent. in the peak month of July.

Balance

Mr. Joe Gaggero, Chairman of the huge Bland Group, which controls Gibraltar Airways among other things, subscribes to the view that there must be a balance on the London route. His group has been instrumen-tal in keeping air and sea links with Gibraltar open throughout the difficult years of problems with Spain, but the Tangier air connection is having a tough time and the passenger/car ferry service across the Strait is grossly under-ultilised with only four services a week while the Spanish port of Algeciras, five miles across Gibraltar Bay, has seen a dramatic upsurge in traffic. Now, with the prospect of maritime communications being re-established with the Spanish mainland, the company clearly feels that its Tangier service should be interlinked with Algeciras for as long as the land frontier is closed and in-hibiting vehicular and other traffic from Tangier to Spain via Gibraltar.

The developing view in Gibraltar is that a resumed ferry service between the Rock and the Spanish mainland must not be monopolised by a Spanish company as was the case in the past and that a Gibraltar com-pany should be allowed to share the route. These are matters which will have to be discussed by the working parties agreed to at the Paris talks on Gibraltar last month. Preparatory work is now in progress in London, Madrid and Gibraltar in relation to the formation of these work-ing groups which will also examine other points of pos-sible co-operation such as tele-communications and social security benefits for former Spanish workers on the Rock.

Expectation — indeed optimism—that the political talks will usher in greater co-operation between Gibraltar and its hinterland is already beginning to influence business-men on both sides of the fence. Even the opening of the border, sealed by the late Franco regime nine years ago, is the subject of *discussion, albeit seemingly* premature. The implications of an open frontier need to be care-fully studied, says the Chamber's President. We must resist any temptation to plunge ourselves into a situation that might bring benefits in the short term and jeopardise us in the future. There is also fear of Spanish capital taking over local concerns particularly if Spain joins the Common Market and trade barriers have to come down.

Such considerations typify thinking in Gibraltar, which is that of a David in a Goliath scenario. Given that in any new situation there are bound to be winners and losers, the final view is bound to be that a return to normality which is properly regulated and con-trolled should be to the benefit both of Spain and Gibraltar.

Joseph Garcia

Opposition leader waits in the wings

IF SIR JOSHUA HASSAN were not to contest the next general election in Gibraltar, which seems a safe bet, Maurice Xiberras would be the most likely person to be Chief Minister. At present Leader of the Opposition, Mr. Xiberras obtained the second highest number of votes at the 1976 election. But his chief handicap is that he lacks a cohesive power base from which to develop effectively a strategy for the future.

His Integration with Britain Party received a death blow from Mr. Roy Hattersley, then a Foreign Office minister, who did not mince his words in ruling out any idea of Gibraltar integrating with Britain. With the party moribund, Mr. Xiberras stood as an indepen-dent candidate at the last general election.

A young party which saw its birth at the height of the Spanish restrictions in the mid-1960s, it assumed enormous res-ponsibilities in 1969 when, in a post-election coalition, it found itself in power at a time when the frontier had just closed and the Spanish workforce had been withdrawn. As Minister of Labour, Mr. Xiberras played a leading role in engineering new policies and laying the founda-tions, with his colleagues, for an "island" economy. It was he who, years earlier, had drafted as part of the inte-grationist philosophy, a docu-ment seeking equality of stand-ards with the U.K. But their seemingly radical policies frightened many people who would have otherwise supported their central policy of integra-tion with Britain. At a prema-ture election in 1972, the party was ousted from power, with Sir Joshua and his stalwarts riding in again.

The first clash between the two men had come a decade before when, just back from university, Mr. Xiberras made his first public speech at an annual dinner of ex-gram-marians. One of the guests was Sir Joshua Hassan, who did not like what he heard. Mr. Xiberras was labelled an angry young man.

Now considering himself a moderate of the Left, Mr. Xiberras is engaged with Sir Joshua in a series of explora-tory talks with the Spanish *Foreign Minister, an unthink-*able development just a few years ago while General Franco was alive. Then, he was radic-ally opposed to any talks with Spain as he saw no chance of changing their minds. But now, as Spain takes a democratic course, human values stand a better chance of being expressed, and it is clear that Spain is affording greater recog-nition to the Gibraltarian people.

While his diehard integra-tionist supporters begin to question his apparent flirtation with Sir Joshua, Mr. Xiberras is giving thought to forming a new political party which will appeal to his integrationist followers and to those members of the House of Assembly who at pre-sent, as a parliamentary group, provide him with the necessary support he needs to be Leader of the Opposition. Many aspects *of the old integrationist* philo-sophy he continues to see as very relevant to the internal and external future of Gibraltar.

J.G.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Profit-taking curtails sharp rally

BY OUR WALL STREET CORRESPONDENT

NEW YORK, April 18.

AFTER THE upsurge of the past two trading sessions in record-breaking share volumes, Wall Street yielded to profit-taking to-day in a reduced but still heavy turnover.

The Dow Jones Industrial Average, following a three-day rally of 44 points, came back to 798.51 before ending 6.85 easier on the day at 803.27. The NYSE All Common Index surrendered 53 cents at $52.16, while losses outpaced rises by 1,109 to 437.

Trading volume, which soared to a record 63.50m. shares yesterday, narrowed to 38.95m. to-day. The previous record was reached last Friday when 52.28m shares changed hands.

The market brushed aside the good news of a 32 per cent. jump in March housing starts over the previous month's level, reported by the Commerce Department.

The Government also reported that U.S. personal income grew by 1.2 per cent. in March after a 0.5 per cent. rise in February.

However, the Dow Industrial index began improving in the final 15 minutes of trading and analysts do not rule out the possibility of a firmer opening to-morrow.

The market believes President Carter is taking a stronger role and being more decisive in tackling problems concerning the economy, especially inflation, an analyst added.

Institutions did not play as prominent a role in to-day's trading as yesterday. The total of big blocks traded yesterday was a record 823, up from 762 on Friday, which had surpassed the prior record of 478 established last October 8.

But analysts said institutions are certain to return in the near future, as only a part of their cash reserves, accumulated over the months and normally earmarked for equity investments, have so far been spent.

Despite higher net profits, Citicorp, $23¼, and Chase Manhattan, $30½, lost ⅛ apiece.

THE AMERICAN SE Market Value Index sustained a reaction of 1.09 at 134.66 on volume of 4.31m. shares (6.18m.).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Asarco	529,900	15	−⅛
Sears Roebuck	479,700	24¾	−⅛
Citicorp	458,500	23¼	−⅛
Caterpillar Tractor	388,900	52	−1¼
General Motors	379,500	63¼	−¼
Dow Chemical	339,500	25¾	−⅛
General Foods	327,700	28¾	−⅛
Sony	322,300	8¾	−⅛
Merrill Lynch	324,700	17	−⅛
British Petroleum	316,600	14	—

OTHER MARKETS

TOKYO—Stock prices, after a fresh initial advance on the overnight Wall Street strength and the dollar's better showing, retreated towards the close to finish lower on balance, investors becoming concerned over high share prices. The Nikkei-Dow Jones Average ended 9.89 easier at 5,334.72 after volume of 430m. shares (380m.).

Matsushita Communications lost Y60 to Y1,510, Gree Cross Y50 to Y1,710, Nippon Hodo Y40 to Y1,240, Mochida Pharmaceutical also Y40 to Y1,050, and Alps Electric Y38 to Y982.

However, some Blue Chips closed higher despite profit-taking, with Sony Y70 up at Y1,970 and Toyota Motor Y11 firmer at Y970.

CANADA—Stocks turned lower in active trading, bringing to an end a week-long rising trend. The Toronto Composite Index relinquished 4.2 at 1,087.2, while Oils and Gas retreated 12.7 to 1,454.1 and Banks 2.26 to 257.45. Golds, in contrast, recovered 12.9 to 1,223.4 after recent weakness.

PARIS—Following Monday's buoyancy, market closed on an irregular note yesterday after a quiet trading session marked by adjustments of professional positions.

BSN Gervais Danone moved ahead 13.5 more to Frs.463.0, while Legrand rose 30 to Frs.1,734, Michelin "B" 11 to Frs.1,380, and Aquitaine 4.5 to Frs.422.5. In contrast, Moulinex receded 5.5 to Frs.177.5, Poclain 11.5 to Frs.200, and Bouygues 8 to Frs.640.

BRUSSELS—Bourse prices were inclined to make further progress in increased activity.

EBES advanced 50 to B.Frs.2,450, Vieille Montagne 90 to B.Frs.1,630, and UCB 14 to B.Frs.950, but Petrofina came back 50 to B.Frs.4,225.

AMSTERDAM — Mixed movements were the order of the day, although Dutch Internationals, except for slightly higher Hoogovens, were all easier.

Royal Dutch weakened 2 to Fls.129 on an announcement that currency movements have possibly cost the company £200m. to £300m. in the first 1978 quarter.

Shippings and Transports were lower, although KLM gained Fls.0.80 more against the trend.

State Loans fell, with Bourse sources noting rumours of a new State Loan—which could carry a coupon rate below 7 per cent.

GERMANY—Stocks were again widely lower in the absence of buying interest.

Among Motors, Mercedes declined DM1.80 and Volkswagen DM1.50, while Chemicals lost up to DM1.20, as in the case of Hoechst. Elsewhere, Degussa fell DM.5, Siemens DM2.80, and Deutsche Bank DM2.50.

Public Authority Bonds continued to weaken, ending up to 50 pfennigs lower. The Regulating Authorities bought DM34.8m. nominal of paper (DM27.7m.). Mark Foreign Loans shed further ground.

SWITZERLAND—Market moved irregularly with small gains and losses about evenly matched in calm trading.

Oerlikon-Buehrle shed 15 to Sw.Frs.2,165, the proposed dividend rise having been largely expected. Saurer Bearer were sharply lower after passing the dividend, while Nestle, still reacting to news of slightly lower net profits, closed 60 down at Sw.Frs.3,150.

MILAN — The new Account started yesterday with shares adopting a firmer stance in thin trading, although many leading stocks failed to hold the day's best level.

Fiat finished 13 up at L1,904 and Olivetti Privileged 24 higher at L849, but Snia Viscosa declined 18 more to L512.

HONG KONG—Shares picked up across the board in moderate trading, the Hang Seng Index rising 6.89 to 441.18.

Hong Kong Bank rose 20 cents to $HK14.80, Hong Kong Land 15 cents to $HK7.35, and Jardine Matheson 30 cents to $HK13.00, while Hutchison Whampoa and Wheelock Marden advanced 7.50 cents each to $HK4.225 and $HK2.20 respectively. Swire Pacific put on 15 cents to $HK6.60.

JOHANNESBURG—After losing further ground, Gold shares partially recovered towards the close with the aid of slightly higher Bullion indications.

AUSTRALIA—After the recent strong showing, markets retained a firm bias although profit-taking caused some stocks to react.

BHP improved afresh to a new high for the year of $A6.46 in early dealings, but later came back to $A6.36 for a loss of 4 cents on the day after a large turnover. CSR, in Sugars, receded 6 cents to $A2.74.

Some Mining issues suffered reverses. A sharp fall in the London price of gold brought sellers out against stocks like Central Norseman, 50 cents lower at $A7.50.

However, strong London demand kept Bougainville Copper on the rise, the shares adding 4 cents at $A1.17. Peko-Wallsend rose 6 cents to $A5.10, while Oils met solid demand.

Indices

NEW YORK - DOW JONES

	Apr. 18	Apr. 17	Apr. 14	Apr. 13	Apr. 12	Apr. 11	1978 High	1978 Low	Since compil'n High	Since compil'n Low
Industrial	803.27	810.12	795.13	775.21	766.29	770.19	817.74 (6/1)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	89.55	89.56	89.54	89.21	89.20	89.30	90.86 (4/1)	89.20 (12/4)	—	—
Transport	215.16	218.30	215.77	209.56	207.44	207.73	218.30 (17/4)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.97	105.72	105.09	105.99	105.82	105.53	110.98 (3/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	38,950	63,500	52,280	31,580	26,210	24,560	—	—	—	—

* Basis of index changed from August 24

	Apr. 14	Apr. 7	Mar. 31	Year ago (approx.)
Ind. div. yield %	5.86	6.06	6.16	4.49

STANDARD AND POORS

	Apr. 18	Apr. 17	Apr. 14	Apr. 13	Apr. 12	Apr. 11	1978 High	1978 Low	Since Compil'n High	Since Compil'n Low
‡Industrials	102.97	104.15	102.33	100.05	99.02	99.27	104.13 (17/4)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	93.43	94.45	92.92	90.98	90.11	90.25	94.45 (17/4)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	April 12	Apr. 5	Mar. 29	Year ago (approx.)
Ind. div. yield %	5.36	5.39	5.46	4.21
Ind. P/E Ratio	8.56	8.48	8.48	10.41
Long Govt. Bond yield	8.34	8.32	8.25	7.68

N.Y.S.E. ALL COMMON

Apr. 18	Apr. 17	Apr. 14	Apr. 13	1978 High	1978 Low
52.16	52.69	51.94	50.91	52.69 (17/4)	48.57 (6/3)

Rises and Falls

	Apr. 18	Apr. 17	Apr. 14
Issues traded	1,929	1,941	1,913
Rises	437	1,045	1,232
Falls	1,109	539	356
Unchanged	383	357	325
New Highs	39	261	206
New Lows	25	17	14

MONTREAL

	Apr. 18	Apr. 17	Apr. 14	Apr. 13	1978 High	1978 Low
Industrial	180.87	181.47	180.21	179.86	181.47 (17/4)	162.20 (16/2)
Combined	187.21	187.93	186.34	186.10	187.93 (17/4)	170.82 (30/1)
TORONTO Composite	1087.2	1091.4	1084.6	1083.0	1091.4 (17/4)	996.2 (30/1)
JOHANNESBURG Gold	184.5	187.9	195.9	197.6	218.7 (1/2)	184.5 (18/4)
Industrials	208.6	209.0	209.0	208.0	214.4 (4/1)	194. (13/3)

	Apr. 18	Previous	1978 High	1978 Low
Australia (a)	470.18	469.29	479.48 (4/1)	441.19 (1/3)
Belgium (c)	100.28	99.51	100.28 (18/4)	90.44 (12/1)
Denmark**	95.09	94.96	96.15 (9/1)	84.00 (6/2)
France (tt)	64.4	64.0	64.6 (7/4)	47.8 (6/2)
Germany (tt)	782.8	782.50	812.7 (10/2)	782.8 (18/4)
Holland (tt)	80.4	80.6	82.1 (10/2)	[illegible] (4/4)
Hong Kong	441.18	434.29	461.67 (4/4)	383.44 (13/1)
Italy	59.94	59.44	63.38 (6/1)	55.46 (10/1)
Japan	413.82	414.50	414.55 (17/4)	384.04 (4/1)
Singapore (b)	300.58	299.24	300.58 (18/4)	262.00 (1/6)

	Apr. 18	Previous	1978 High	1978 Low
Spain (d)	95.94	—	[illegible] (10/1)	[illegible] (17/3)
Sweden (e)	371.44	371.55	372.20 (14/4)	332.14 (3/1)
Switzerl'd (f)	290.0	292.4	296.36 (1/4)	[illegible]

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000 the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (a) Sydney All Ord. (c) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (tt) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (tt) Amsterdam Industrial 1970. (††) Hang Seng Bank 31/7/64. (||) Milan 2/1/73. (u) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Sterling weak

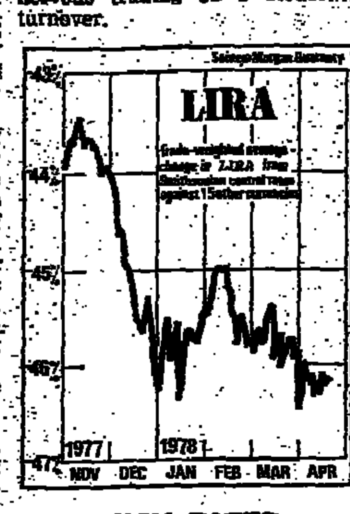
Sterling remained weak in the foreign exchange market yesterday, with the authorities continuing to intervene in the spot and short-dated forward markets. The pound opened at its lowest level of the day, at $1.8410-1.8425, and climbed to a high point of $1.8485-1.8495 by mid-afternoon, before closing at $1.8445-1.8455, a fall of 63 points on the day.

Short-term Eurosterling interest rates rose sharply, probably reflecting intervention by the Bank of England to protect the spot rate, by increasing the cost of going short of sterling. Forward discounts against the dollar widened further, as a result of the intervention, with the three-month pound closing at 0.75 cent discount, compared with 0.65 cent previously. The twelve-month discount touched 3.20 cent, before finishing at 2.47½ cent, compared with 2.40 cent on Monday.

Sterling's trade-weighted index, as calculated by the Bank of England, was unchanged throughout at 61.7.

Other major currencies also continued to decline against the U.S. dollar, although several currencies finished around their best levels of the day, as the recent demand for the dollar showed signs of running out of steam. The U.S. unit touched DM2.0380 in terms of the D-mark, before closing at DM2.0482½, compared with DM2.0430 previously, while the Swiss franc touched Sw.Frs.1.9200, before closing at Sw.Frs. 1.9090, compared with Sw.Frs.1.8962½. The dollar improved to Y222.70 against the yen, and closed at Y221.92½, compared with Y220.37½. Morgan Guaranty's calculation of the dollar's trade-weighted depreciation, narrowed to 5.47 per cent. from 5.69 per cent.

Gold fell $¾ to $173¼-174, in nervous trading on a moderate turnover.



CURRENCY RATES

	Special Drawing Rights April 18	European Unit of Account April 18
Sterling	0.666880	0.675279
U.S. dollar	1.22926	1.24516
Canadian	1.40652	1.42155
Austria sch	18.1562	18.3707
Belgian franc	39.2195	39.7267
Danish krone	6.93610	7.02628
Deutsche mark	2.52367	2.55630
Dutch guilder	2.69208	2.72530
French franc	5.65890	5.73351
Italian lira	1057.78	1071.87
Japanese yen	273.387	276.841
Norway krone	6.61465	6.70210
Spain peseta	98.4711	99.7030
Swedish krone	5.65521	5.72843
Swiss franc	2.35526	2.38427

EXCHANGE CROSS-RATES

April 18	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0465-0480	44.50-55	6.425-435	3.780-790	93.85-95	107.15-30
New York	48.74-77	—	21.73-76	3.1345-85	1.8435-45	46.75-81	52.20-35
Paris	224.05-4.55	4.5975-6095	—	14.414-448	8.482-502	210.10-60	240.27-77
Brussels	15.52-57	31.87-92	6.92-95	—	58.74-89	14.56-60	16.63-69
London	3.77½-78½	1.8445-8445	8.47½-48½	58.70-80	—	4.02½-03½	3.52-53
Amst'dam	106.555-705	2.1887-1912	47.625-575	6.8595-8645	4.0346-0395	—	114.215-285
Zurich	93.119-237	1.9080-9095	41.514-574	5.9896-9981	3.5218-5266	87.383-531	—

U.S. $ in Toronto U.S. $=114.50-54 Canadian cents.
Canadian $ in New York=87.39-41 cents. U.S. $ in Milan 860.20-70.
Sterling in Milan 1587.10-60.

EURO-CURRENCY INTEREST RATES*

April 18	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
†Short term	25-30	7-8	6¾-7	4¼-4½	⅜-½	3⅛-3½
7 days notice	14-17	7-8	6¾-7	4¼-4½	⅜-½	3⅜-3½
Month	8½-8¾	8⅛-8⅜	6⅞-7⅛	4⅜-4⅝	⅝-⅞	3[illegible]
Three months	8⅝-8⅞	8¼-8⅝	7⅛-7⅜	4⅜-4⅝	[illegible]	3[illegible]
Six months	8⅞-9⅛	8[illegible]	7½-7¾	4½-4¾	⅝-¾	3⅜-3½
One year	9-9¼	6⅞-9¼	7¾-8	4¾-5	1⅛-1[illegible]	3[illegible]

Euro-French deposit rates: two-day 8½-8¾ per cent.; seven-day 8½-8¾ per cent.; one-month 8¾-8⅞ per cent.; three-month 8⅞-9 per cent.; six-month 9¼-9½ per cent.; one-year 10-10½ per cent.

Long-term Eurodollar deposits: two years 8[illegible] per cent.; three years 8[illegible] per cent.; four years 8[illegible] per cent.; five years 8[illegible] per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.95-7.05 per cent.; three-month 7.10-7.20 per cent.; six-month 7.40-7.50 per cent.; one-year 7.70-7.80 per cent.

* Rates are nominal calling rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

	April 18	April 17
Gold Bullion (a fine ounce)		
Close	$173¼-174	$174-174¼
Opening	$173¼-174	$175¾-176
Morning fix'g	$173.30 (£93.945)	$175.10 (£94.649)
Aftern'n fix'g	$173.6[illegible] (£93.890)	$174.3[illegible] (£94.267)
Gold Coin domestically		
Krugerrand	$178-180 (£96½-97½)	$179¾-18[illegible] (£97-98)
N'w Sov'gns	$53½-55½ (£29-30)	$53¾-55¾ (£29-30)
Old Sov'gns	$53½-55½ (£29-30)	$55-57 (£29½-30½)
Gold Coins (internat'lly)		
Krugerrand	$178¾-180¾ (£96¾-97¾)	$179¾-18[illegible] (£97-98)
New Sov'rgns	$53½-55½ (£29-30)	$53¾-55¾ (£29-30)
Old Sov'rgns	$53½-55½ (£29-30)	$55-57 (£29½-30½)
$20 Eagles	$280-283	$280-283

FOREIGN EXCHANGES

April 18	Bank Rates %	Day's Spread	Close
New York	6½	1.8410-1.8495	1.8445-1.[illegible]
Montreal	8½	2.1050-2.1095	2.1080-2.[illegible]
Amsterdam	4	4.01½-4.05	4.02½-4.[illegible]
Brussels†	5½	58.90-59.00	58.70-58.[illegible]
Copenhagen	9	10.35½-10.41	10.38½-10.[illegible]
Frankfurt	3	3.76½-3.78½	3.77½-3.[illegible]
Lisbon	13	76.30-77.00	76.40-76.[illegible]
Madrid	8	147.10-147.90	147.65-14[illegible]
Milan	11½	1,580-1,590	1,587-1,[illegible]
Oslo	6	9.90-9.95	9.92½-9.[illegible]
Paris	9½	8.45-8.50	8.47½-8.[illegible]
Stockholm	8	8.47-8.50	8.47½-8.[illegible]
Tokyo	3½	405-415	409-41[illegible]
Vienna	5½	27.10-27.35	27.15-2[illegible]
Zurich	1	3.51-3.54½	3.52-3.[illegible]

† Rates given are for convertible francs. Financial franc 58.70-58.90.

OTHER MARKETS

			Notes Rates
Argentina	1568-1572	Argentina	1250
Australia	1.6107-1.6265	Austria	25.5[illegible]
Brazil	30.67-31.87	Belgium	58-[illegible]
Finland	7.75-7.7788	Brazil	35
Greece	67.788-68.455	Canada	2.12[illegible]
Hong Kong	8.52-8.55	Denmark	10.[illegible]
Iran	127-135	France	8.40
Kuwait	0.503-0.513	Germany	3.70
Luxemb'rg	58.70-58.80	Greece	66
Malaysia	4.38½-4.40½	Italy	1580
N. Zealand	1.8065-1.8165	Japan	4.0[illegible]
Saudi Arab	6.32-6.42	Netherl'nds	3.9[illegible]
Singapore	4.29-4.31	Norway	9.75
S. Africa	1.6016-1.6171	Portugal	72
U.S.		Spain	146
Canada		Switz'land	3.4[illegible]
CSL		U.S.	1.84[illegible]
U.S. cents	87.46-87.49	Yugoslavia	35½

Rate given for Argentina is a free [illegible]

FORWARD RATES

	One month	Three months
New York	0.45-0.55 c. pm	0.80-0.70 c. [illegible]
Montreal	0.30-0.20 c. pm	0.28-0.18 [illegible]
Amst'dam	2¼-1¼ c. pm	4⅞-3⅞ [illegible]
Brussels	25-15 c. pm	55-45 c. p[illegible]
Cop'nhgn	3-5 ore dis	15-15 [illegible]
Frankfurt	2¼-1¼ pf pm	5¼-4¼ pf [illegible]
Lisbon	50-180 c. dis	300-600 c. [illegible]
Madrid	20-100 c. dis	50-120 c. [illegible]
Milan	4-10 lire dis	15-21 lire [illegible]
Oslo	5-7 ore dis	13-15 ore [illegible]
Paris	1¾-¾ c. dis	1¼-¼ c. p[illegible]
St'ckholm	¼ orepm-1½ oredis	1½-3½ ore [illegible]
Vienna	12-2 gro pm	20-10 gro p[illegible]
Zurich	3-2 c. pm	7½-6½ c. [illegible]

Six-month forward dollar 1.35-1.25c pm. 12-month 2.55-2.40c pm.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. at $2.60 to £—115¼% (116¼%)
Effective rate (1.8450) 52⅞% (54%)

NEW YORK

Stock	April 18	April 17
Abbott Labs	57½	59¼
Addressograph	18⅝	19⅝
Corning Glass	50⅛	50⅞
CPC Int'n'tional	45	45¼
Crane	29¼	29⅜
Crocker Nat.	27⅛	27⅝
Johns Manville	30¾	31¾
Johnson Johnson	68½	68¾
Johnson Control	30⅛	29¾
Joy Manufactur'g	33	33½
Revlon	42⅜	43
Reynolds Metals	30½	31¾
Reynolds R. J.	57¾	58⅝
Rich'son Merrell	22¾	23
Woolworth	20⅛	19⅝
Wyly	4½	4⅝
Xerox	46¼	47¾
Zapata	15⅜	16¼

[illegible]

CANADA

[illegible]

GERMANY ◆

April 18	Price Dm.	+ or −	Div. %	Yld. %
AEG	87.1	−0.3	—	—
Allianz Versich.	475	−5	18	1.9
BMW	214	−1	20	4.7
BASF	137.5	−0.4	17	6.2
Bayer	139.0	−0.8	16	—
Bayer Hypo.	283	−2	18	3.2
Bayer Vereinsbk	313.0	−1.5	18	2.9

[illegible]

TOKYO ¶

April 18	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	336	−5	14	2.1
Canon	505	−10	12	1.2
Casio	600	+30	25	2.1
Chinon	374	+9	20	2.7
Dai Nippon Print	558	+5	18	1.6
Fuji Photo	620	−5	15	1.2

[illegible]

Source: Nikko Securities, Tokyo

AUSTRALIA

[illegible]

OSLO

[illegible]

BRAZIL

[illegible]

Vol. Cr.122.3m. Shares 87.1m.
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand $U.S.0.[illegible]
(Discount of 35.4%)

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ●

[illegible]

COPENHAGEN ♣

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

SPAIN ♥

[illegible]

هكذا من الأصل

FARMING AND RAW MATERIALS

Breeders to boost Simmentals

By Our Commodities Staff

BRITISH cattle breeders are to spend heavily this year in a bid to liven up interest in the Simmental, a West European beef breed which has yet to win universal approval among U.K. farmers and butchers.

The British Simmental Society will donate more than £8,000 in prize money at farming shows this year to boost the winnings of those prize animals sired by Simmental bulls.

It will also stage a £5,000 to £8,000 breed promotion show at Bingley Hall, Stafford, on May 4.

Mr. W. S. Allan, president of the Society, said in London yesterday that the first Simmentals arrived in Britain in 1970—around the height of the interest in so-called "exotic" breeds.

However, demand for stock from Canada, the U.S., Australia and New Zealand was so strong that the first three or four crops of calves were exported. The national herd suffered as a consequence.

However, now that these beef-producing countries have enough animals to breed their own herds, the U.K. society has been stocking up at home.

Mr. Allan claimed that there are now 3,000 pure and 24,000 crossbred Simmentals in Britain, all bred up from the 1,891 imported from Europe in the past eight years.

He claimed the breed is now as popular in the markets as any other breed on offer. However, the traditional Hereford is still the most popular beef breed in the U.K.

Falling demand hits cocoa futures prices

BY RICHARD MOONEY

FALLS IN U.K. and French cocoa bean demand figures for the first quarter of this year helped to depress futures values on the London terminal market in early dealings yesterday. After slipping to £1,905 a tonne at one stage the July delivery position ended the day £56 down at £1,912.5 a tonne.

January-March U.K. grindings totalled 21,000 tonnes, 4.5 per cent. down on the 22,000 tonnes ground in the first three months of 1977. In the final quarter of 1977 the grindings total was 16,400 tonnes. Most traders had expected the January-March figure to be unchanged or slightly higher than at the same time last year so the market's immediate reaction was bearish.

Disappointing

Downward pressure was also exerted by reports that Ghana had been selling cocoa on the world market at around £2,100 a tonne for May-July shipment. The weakness of sterling and Eastern European reselling of cocoa failed to stem the early decline.

Announcement of a 11.4 per cent. cut in French first quarter grindings to 9,500 tonnes was broadly in line with market forecasts but in view of the bearish mood may have encouraged the downward movement.

As the influence of the grindings figures faded, however, the weakness of the pound came into its own as a factor and prices rallied quite strongly before slipping back near the close.

Publication of U.K. grindings completes the April round of major consumption figures. But the global consumption trend remains confused. The U.S. first quarter grind was 25.5 per cent. down — a little lower than had been anticipated — while the West German figure was higher than expected up 3.8 per cent.

The disappointing U.K. outturn completes a fairly neutral consumption picture but the underlying bullish market tone does not seem to have been seriously undermined. With the uncertainties associated with publication of the grindings figures out of the way, the basically steady trend in prices appears to be intact.

Unanimous forecasts of a substantial surplus of production over consumption this year would seem to imply lower prices. But many major crops, particularly in West Africa, are expected to be late and shipment problems are likely in the interim. The unsettled African political situation raises further doubts about shipment prospects. These doubts have been heightened recently by political and industrial developments in Ghana.

Sugar glut forecast for EEC

By Our Commodities Staff

BRUSSELS, April 18.

THE COMMON MARKET could have a surplus of white sugar available for export of 2.8m.-3.5m. tonnes in the 1978-1979 season starting next July, EEC Commission sources told Reuter to-day.

Current estimates of the crop from Commission experts vary according to the expected yield. The 2.8m. figure relates to the average over the past five years. The higher figure relates to the surplus possible if yields this season turn out to be as high as they were last year.

The figures apply to sugar crops grown within the EEC's "A" and "B" quota system plus cane imports from the African Caribbean and Pacific countries and compare with a surplus of 2.83m. tonnes of whites this season.

The EEC said if 783,000 tonnes of "C" quota sugar were included, the 1977-78 EEC sugar surplus for export would rise to over 3.6m. tonnes.

The Commission, however, accepts no responsibility for "C" quota sugar which producers have to sell at their own risk.

Officials said 591,000 tonnes of white sugar remained available for export this season up to the end of June. It will be disposed of at export sales.

Community farm price talks resume in Luxembourg next week. The Commission has proposed a small rise of 1.16 per cent. in the support price.

Officials said the EEC will only be able to reconsider the question of its joining the International Sugar Agreement after political problems surrounding the fixing of its internal farm prices were settled.

They said around 1.75m. hectares should be sown to sugar beet in the EEC this year —17,000 less than last season.

They estimate production at between 10.8m. and 11.4m. tonnes of whites. The Common Market imports 1.3m. tonnes of white sugar equivalent each year from African, Caribbean and Pacific countries under the terms of the Lome Convention trade and aid agreement with them.

● On the London market world sugar prices fell marginally yesterday in quiet conditions. August lost 90p a tonne on the day, closing at £106.725. This reflected the reduction in the London daily price for raws which was set £1 a tonne lower at £101 in the morning.

Bacon curers squeezed again

BY CHRISTOPHER PARKES

THE BENEFITS to the British bacon industry of the recent devaluation of the "green pound" have evaporated. Common Market import subsidies on shipments from Denmark are now bigger than they were before the devaluation in January, the Bacon and Meat Manufacturers' Association complained yesterday.

The Monetary Compensatory Amount (MCA) subsidies have risen to almost 13p a pound on Danish bacon. They were 10.7p a pound—23 per cent. of the wholesale selling price—just before the devaluation of the "green pound."

Adjustment of the value of this notional EEC currency in which British farm prices are fixed, to line it up more accurately with the enfeebled pound proper, reduced the MCAs considerably. But since then the pound has continued to fall against other currencies, and the compensatory amounts have risen sharply.

The net import subsidy paid in the form of the MCAs is now £280 a tonne on Danish bacon sides—£88 a tonne more than at the beginning of February.

The BMMA appealed in a statement for action in the Council of Ministers to reduce these subsidies. The association noted that Commissioner Finn Gundelach is expected to propose an adjustment in the MCA formula which would reduce the MCAs on bacon by £49 a tonne.

"This is insufficient to place the U.K. industry on a profitable footing," the BMMA said. "The MCAs should be calculated as for poultry and eggs, which will halve them."

The Association claimed that bacon imports will rise by 3 per cent. this year because of the failure of the Community to protect British pig farmers and bacon curers from the unfair competition.

The Danes and the Dutch are expected to share 59 per cent. of the U.K. bacon market. "This erosion of our market will continue inexorably if steps are not taken immediately to restore fair competitive conditions," the BMMA said.

To add to the British meat industry's problems, the Irish Government has now asked in Brussels for MCAs to be applied on the Republic's exports of canned stewed steak and corned beef into Britain.

The BMMA estimated this would mean a subsidy of 12p a pound on high meat content canned goods from Ireland.

"Eire's trade with the U.K. already benefits substantially from MCAs on fresh beef. Extension to canned beef products cannot be justified in the light of the depressed state of the market and the potential damage to our processors," the association claimed.

A statement noted that sales of home-produced canned meats are worth £116m. a year and 8,000 jobs in the canning industry could be threatened by cheap imports.

The bacon industry, worth £270m. and employing 10,000 has already been badly hit. The whole meat processing industry provides 45,000 jobs.

Guy de Jonquieres, Common Market correspondent, adds from Brussels: The European Commission yesterday formally denied recent suggestions that it was proposing either to limit imports of New Zealand lamb into Britain or to insist that all scampi and prawns consumed in the EEC be the same size.

The EEC pointed out that, contrary to some Press reports, the Commission's new proposals for a common sheepmeat policy contained no provisions for restricting lamb imports beyond a customary EEC safeguard clause to protect against severe market disruption.

Nor was the Commission proposing to set a minimum market price for sheepmeat. Prices would be permitted to find their own level and the "base" price system recommended in the policy would be used only to determine the point at which EEC private storage premiums would be paid.

The EEC conceded that U.K. sheepmeat prices could well increase as a result of the policy. But the extent of the rise would depend on how much sheepmeat the U.K. exported to France in response to the higher prices prevailing there.

It was incorrect that the EEC wanted to harmonise the dimensions of scampi and prawns. The Commission had merely proposed, with strong British support, that catches of prawns below a certain size be prohibited as part of a broader package of fishing conservation measures.

Copper strike suspended

BY OUR COMMODITIES STAFF

COPPER PRICES rose strongly on the London Metal Exchange yesterday following news that the Southern Peru Copper Corporation had declared *force majeure* on deliveries of blister copper from its Ilo smelter. But it was later announced that the strike which had led to the declaration had been suspended and prices fell. By the close cash copper wirebars were quoted at £701.5 a tonne, unchanged on the day. Work at Ilo, which has been halted for three weeks, was expected to resume immediately.

Even as the *force majeure* was being announced Minero Peru, which controls all the country's copper exports, unveiled a $120m. project to double production at Ilo refinery to 300,000 tonnes a year. The project, agreed with Mitsui Fukorawa of Japan and Martz of Switzerland, only awaits formal approval by the Government of Peru.

Announcement of this expansion comes at a time when other smelters are cutting production because of the current depression in demand. Only this week the Kennecott Refining Corporation and Anaconda announced temporary closures cutting production by around 80,000 tonnes a year.

London Metal Exchange dealers said trading in copper was active. Apart from the Ilo news, rumours of a strike at a Spanish smelter encouraged the early rise. But dealers also noted the presence of a heavy seller in the market even while prices were rising.

In Geneva, meanwhile, representatives of leading copper exporting and importing countries began talks on the scope and structure of a planned intergovernmental body

Late yesterday Southern Peru Corporation said in Zima that it had declared *force majeure* on blister shipments from its Cuajone mine. But Mr. Frank Archibald, chairman of the U.S. mining company said the situation should be normalised rapidly following the settlement at the Ilo smelter.

'Coffee price will fall'

UTRECHT, April 18.

DOUWE EGBERTS BV, the largest Dutch coffee roaster, said it expects a fall of 20 to 25 per cent. in the world market price of coffee in the next two years, barring frosts or hostilities in growing areas.

Mr. L. Van Dongen, company chairman, said the retail price should also be cut. He said extremely high prices in 1976 cut coffee consumption, and the strategy now must be to lure coffee drinkers back with low prices.

Douwe Egberts currently accounts for between 50 and 60 per cent. of the Dutch coffee market, the company claimed in its 1977 trading report.

Coffee still makes up about 70 to 75 per cent. of its business, but Douwe Egberts plans to diversify and reduce this dependence to around 50 per cent.

Mr. Van Dongen said the reason for diversification was the sharp fluctuation to which coffee prices were subject.

The company also accounts for 25 per cent. of the coffee market in Belgium, 6 per cent. in France, and smaller shares in other markets.

China buys wheat from U.S.

By Our Commodities Staff

CHINA HAS made its second purchase of wheat from the U.S. this year. The U.S Department of Agriculture reported a sale of 400,000 tonnes which brings the total to 1m tonnes.

A quarter of the latest purchase is to be shipped by May 31 with the rest to go along with the 600,000 tonnes bought last week during the 1978-79 marketing season which ends on May 31, 1979.

The sales to China are the first since 1974 when China stopped importing from the U.S. allegedly because of a shipment sent which was infected with a grain disease.

Grain traders and wheat growers have been speculating in recent weeks that China may be preparing to buy as much as 6m. tonnes of wheat in the U.S. because its harvest has been poor and its usual suppliers cannot meet its extra needs.

The USDA also reported that 100,000 tonnes of grain sorghum for shipment this season had been sold to Mexico.

Experts meet to draft rubber pact

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, April 18.

EXPERTS FROM the Association of Natural Rubber Producing Countries will meet here tomorrow to draft the proposed international rubber agreement.

The four-day meeting is under the auspices of Unctad as part of its effort to bring about a consensus between producer and consumer countries on its integrated programme for commodities.

At the third preparatory meeting on rubber in Geneva in February all the consuming countries agreed to enter into negotiations for a natural rubber price stabilisation agreement.

The draft of the rubber agreement, prepared by the ANRPC, will be submitted to the negotiating conference of consumer and producer countries in Geneva in September.

If accepted, the price stabilisation scheme is expected to be operational by the end of the year.

Tengku Ngah, Secretary-General of the Malaysian Ministry of Primary Industries, said the ANRPC proposal called for a 400,000 ton rubber buffer stockpile, to be financed jointly by producers and consumers, which would operate within a price range, acceptable by the two groups.

At present the ANRPC has its own rubber price stabilisation scheme, which would be terminated if the Unctad-sponsored agreement were accepted.

Tengku Ngah said the ANRPC had also invited representatives from rubber consuming countries for a trip to the natural rubber producing countries next month to give them a better understanding of the industry, and the importance of price stability to the economies of producer nations.

Malaysia, as the world's biggest producer, has been in the forefront in seeking some form of international co-operation to avoid sharp price fluctuations.

The Malaysian Government sees the operations of the International Tin Council, as a model which could be applied to rubber price stabilisation operations.

Last year, Malaysia exported 1.65m. tonnes of rubber, worth 3.38bn. ringgits (£786m.), representing 22 per cent. of total Malaysian exports.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on balance on the London Metal Exchange although movements were erratic. The Peruvian force majeure, a strike in Spain and rumours of a forthcoming force majeure at [illegible] implanted early firmness and forward metal started at £725-£727. Early selling from one quarter induced easiness and the end of a Peruvian refinery strike caused a relapse to £716.5 with stop-loss selling under £720. But there was a quick recovery. Comex moved nervously in the afternoon. The close on the Kerb was £720.5. Turnover [illegible]300 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	705-.5	+4.57	701-2	......
3 months	722.5-3	+6	718-.5	+.5
Settl'm'nt	705.5	+4	—	......
Cathodes				
Cash	698.5-7.5	+5.5	691-2	......
3 months	713-.5	+5.5	707.5-8.5	+.25
Settl'm'nt	697.5	+5.5	—	......
U.S. Smt.	—	......	64	......

Amalgamated Metal Trading reported that in the morning three months wirebars traded at £723, 22.5, 22, 23, 22.5, 22, 22.5. Cathodes, three months £713.5. Kerb: Wirebars, three months £723, 22.5, 22, 22.5. Afternoon: Wirebars, three months £723, 22.5, 23, 23.5, 23, 22.5, 22, 21, 20, 19, 18, 17, 16.5, 17, 18. Cathodes, three months £708. Kerb: Wirebars, three months £18, 19.5, 19, 19.5, 20, 20.5.

TIN—Easier on merchant selling caused by disappointing physical demand for earlier intakes, despite the weakness of the pound. The Eastern price showed little change overnight but was lower in real terms because of the movement of the Malaysian dollar. Forward metal declined through the day, with the backwardation narrowing, from a start of £5,970 to a close on the Kerb of £5,900. Turnover 1,240 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5950-5	-82.5	5920-30	—40
3 months	5935-40	-87.5	5910-5	-32.5
Settlem't	5955	—70	—	......
Standard				
Cash	5950-5	-82.5	5920-30	—40
3 months	5935-40	-87.5	5910-5	-32.5
Settlem't	5955	—70	—	......
Straits E.	11528	+2	—	......
New York	—	......	*501.00	—8½

Morning: Standard, cash £5,950, three months £5,930, 35, 40. Kerb: Standard, three months £5,930, 25, 30. Afternoon: Standard, three months £5,935, 25, 20, 15, 10. Kerb: Standard, three months £5,910, 05, £5,900.

LEAD—Lower with the contango tending to widen. Forward metal was influenced by copper and started at £323-£324 and the price fell to a low for the day of £315.5 before fresh buying in late trading led to a close on the Kerb of £317.25. Turnover 8,750 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	312.5-3	—2.57	308-9	—6
3 months	318-.5	—2	315-6	—4.87
Sett'm'nt	313	—3.25	—	......
U.S. Spot	—	......	35	......

Morning: Cash £313, three months £319.5, 20, 19.5. Kerb: Three months £319, 18. Afternoon: Cash £311, three months £318, 17.75, 18, 17, 16. Kerb: Three months £315, 15.5, 16, 17.5, 18.

ZINC—Lost ground with the market upset by news that AM and S would not follow EZ's price rise. The contango tended to widen. After holding between £308 and £314 forward metal fell away to £304 and was further depressed to £300 by selling from an influential source. The close on the Kerb was £301.5. Turnover 7,575 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£		£	
Cash	297-8	—6.5	293-5	—6.5
3 months	304.5-5.5	—5.5	301-2	—6.25
S'ment	298	—6.5	—	......
Prim. West	—	......	29	......

Morning: Cash £295, three months £308, 7.5, 7, 6, 5. Kerbs: Three months £304, 5, 4.5. Afternoon: Three months £305, 4, 3, 2, 1, £300, 1, 1.5, 2. Kerb. Three months £302, 2.5, 2.

Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 2.65p an ounce lower for spot delivery in the London bullion market yesterday at 275.25p. U.S. cent equivalents of the fixing levels were: spot 507.4c, down 6.7c; three-month 515.3c, down 7.9c; six-month 525.4c, down 6.6c; and 12-month 548.3c, down 6.3c. The metal opened at 274.2-275.2p (506-507½c) and closed at 275.2-276.2p (508-509½c).

SILVER per troy oz.	Bullion fixing pricing	+ or —	L.M.E. close	+ or —
Spot	275.25p	—2.65	276p	—1.85
3 months	280.5p	—2.45	281.1p	—1.85
6 months	285.9p	—2.5	—	......
12 months	3[illegible]1.2p	—2.8	—	......

LME—Turnover 223 (238) lots of 10,000 ounces. Morning: Cash 276; three months 280.2, 80.3, 80.4, 80.5, 80.6, 80.8, 81, 80.9, 81, 81.2. Kerb: Three months 281, 80.9. Afternoon: Three months 281, 1.2, 1.5, 1.4, 1. Kerb: Three months 281, 80.8.

COCOA

The market was lower in most positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No. 6 Con'ct			
May	2018.0-20.0	—56.0	2047.0-2010
July	1911.0-14.0	—56.0	1956.0-1.05
Sept.	1851.0-55.0	—58.0	18 2.0-1850
Dec.	1799.-88.5	—17.5	1 28.0-1790
March	1748.0-55	—8.0	1775.0-1750
May	1695.-1720	—5.0	1750.0-1705
July	1653.0-1780	+1.0	—

Sales: 3,415 (1,638) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price April 17: 153.77 (164.05). Indicator prices April 18: 15-day average 162.07 (162.65); 22-day average 159.71 (159.73).

COFFEE

London fulfilled its overnight expectations opening lower reports DBL. Persistent small-scale selling encouraged by a lower New York market gradually eroded values through the afternoon and prices at the close showed losses of up to £22 nearby.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1495-1498	—19.0	1505-1490
July	1:64-:65	—22.0	1585-1:64
September	1305-:317	—5.0	1315-1298
November	1258-1:60	—1.0	1265-1260
January	1128-1:45	—2.5	1240
March	1209-1:2:	......	—
May	1188-1215	—2.5	—

Sales: 969 (648) lots of 5 tonnes.

ICO Indicator prices for April 17 (U.S. cents per pound): Colombian Mild Arabicas 178.00 (same); other mild Arabicas 184.34 (184.60); unwashed Arabicas 183.34 (same); Robustas 145.60 (146.00). Daily average 164.37 (164.62).

ARABICAS—Another lacklustre performance resulting in very little change overall, reports DBL. Prices (in order buyer, seller, change, business): April 203.00-70.00, +0.25, nil; June 184.50-185.00, —1.10, —185.00 only; August 170.00-172.50, —2.0, nil; Oct. 157.00-155.50, —0.75, nil; Dec. 140.00-145.00, —1.60, nil; Feb 134.00-139.00, —1.50, nil; April 138.00-140.00, +4.50, nil. Sales: 2 (1) lots of 17,250 kilos.

GRAINS

LONDON FUTURES (GAFTA)—The market opened 150 higher on May barley but there was a lack of sellers and values traded down to only 85 points higher, where good commercial support lifted prices to the highs. But they eased in the afternoon session on a weaker fob market. Old wheat saw only a light trade and closed 75 higher after gains of 110 points. New crops opened 75 higher on barley but found large-scale hedge selling and despite a generally firm tone closed weak. New crop wheat found the largest hedge sellers and initial gains of 30 points were easily erased by the close. Acli reports.

WHEAT Month	Yesterday's close	+ or —	BARLEY Yesterday's close	+ or —
May	94.80	+0.75	82.80	+0.80
Sept.	85.70	—0.50	80.20	—0.05
Nov.	88.15	—0.55	82.65	—0.10
Jan.	90.75	—0.60	85.30	+0.45
Mar.	93.15	—0.45	87.75	+0.40

Business done—Wheat: May 94.80-95.15, Sept. 85.85-86.70, Nov. 88.15-89.20, Jan. 90.90-91.75, March 93.30-94.05. Sales, 245 lots. Barley: May 82.70-83.25, Sept. 80.20-81.05, Nov. 82.65-83.50, Jan. 85.75-85.90, March 88.40 only. Sales, 210 lots.

IMPORTED—Wheat: CWRS No. 1 13½ per cent. April-May 93.75 seller Tilbury. U.S. Dark Northern Spring No. 2 14 per cent. April-May 88.50, May-June 86.00 sellers transhipment East Coast. U.S. Hard Winter ordinary unquoted. Australian wheat unquoted. EEC wheat unquoted.

Maize: U.S./French April unquoted May 105.75, June 106.50 sellers transhipment East Coast. S. African Yellow late May-early June 77.00 quoted.

Barley: unquoted.

HGCA—Location ex-farm spot prices. Other milling wheat unquoted. Feed wheat—Humberside 90.00. Gloucester 90.00. Feed barley—Humberside 79.20, Gloucester 78.30.

The U.K. monetary coefficient for the week beginning April 24 will remain unchanged.

EEC DAILY IMPORT LEVIES—The following EEC levies and premiums effective for April 19 in units of account a tonne. In order current levy plus May, June and July premiums (with previous in brackets). Common wheat—85.82, nil, nil, nil (86.72, 0.16, 0.16, 0.48). Durum wheat—130.32, nil, nil, nil (130.32, nil, nil, 0.23). Rye—81.37, nil, nil, nil (80.73, nil, nil, 0.64). Barley—75.09, nil, nil, nil (75.89, nil, nil, nil). Oats—78.77, nil, nil, nil (76.77, nil, nil, nil). Maize (other than hybrid for seeding)—69.75, 1.29, 1.29, 2.58 (69.75, 1.29, 1.29, 3.22). Buckwheat—All nil (all nil). Millet—77.40, nil, nil, nil (77.40, nil, nil, nil). Grain sorghum—78.04, nil, nil, nil (78.04, 1.29, 1.29, 0.64). Flour levies: Wheat or mixed wheat and rye flour—132.22 (133.34). Rye flour 125.84 (124.94).

RUBBER

STEADIER opening on the London physical market. Good demand throughout the day, closing quietly steady. Lewis and Peat report that the Malaysia godown price was 205 (same) cents a kilo (buyer, May).

No. 1 R.S.S.	Yesterday's close	Previous close	Business done
May	50.45-50.50	49.75-49.80	50.50-50.00
June	51.15-51.25	49.90-50.50	51.45-51.00
Jly-Sep.	51.80-51.90	51.3-51.55	51.80-51.75
Oct-Dec	2.95-53.00	52.55-52.80	53.35-52.85
Jan-Mr.	54.50-54.55	54.05-54.10	54.90-54.20
Apr-Jne	56.60-56.65	55.60-55.65	56.25-55.85
Jly-Sep.	57.25-57.40	56.95-57.05	57.30
Oct-Dec	58.70-58.95	58.40-58.50	59.10-58.75
Jan-Mar	60.00-60.20	59.85-59.70	60.20

Sales: 330 (131) lots of 15 tonnes and 20 (5) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 50p (48.75); May 50.6p (50.5); June 51p (50.75).

SUGAR

LONDON DAILY PRICE for raw sugar £101.00 (£102.00) a tonne cif for April-May-June shipment. White sugar daily price was fixed at £105.50 (£105.00).

Prices drifted in the morning as commission-house long liquidation found only scattered support scale-down, reports C. Czarnikow. The decline was accelerated later by easier New York prices, but day trade short-covering lifted final quotations some 30 points above the lows.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
May	102.10-02.25	103.50-03.55	105.50-01.7
Aug.	106.70-06.75	107.6-07.65	108.00-06.25
Oct.	108.75-09.00	110.75-10.80	110.90-09.35
Dec.	113.50-13.40	114.00-14.05	114.25-13.00
March	120.25-20.40	120.75-20.85	120.75-19.75
May	124.00-24.10	124.00-24.75	124.75
Aug.	127.00-28.00	127.50-28.75	128.00

Sales: 2,865 (1,396) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £242.40 (same) a tonne for home trade and £161.00 (£162.00) for export.

International Sugar Agreement: Indicator prices (U.S. cents per pound, fob and stowed Caribbean port): Prices for April 17: Daily 7.65 (7.71); 15-day average 7.68 (7.67).

EEC IMPORT LEVIES—The following import levies for white and raw sugar are effective for April 17 in units of account per 100 kilos with (previous in brackets). White sugar (denatured and non-denatured) 27.48 (same). Raw sugar 21.89 (21.77).

WOOL FUTURES

LONDON—The market was dull and featureless, reports Bache.

(Pence per kilo)

Australian Greasy Wool	Yesterday's Close	+ or —	Business Done
May	224.0-26.0	—1.5	—
July	227.1-32.0	—1.0	—
October	2[illegible]5.0-37.0	......	—
December	237.0-40.0	......	—
March	238.0-41.0	......	—
May	239.0-42.0	......	—
July	240.0-42.0	......	—
October	245.0-47.0	......	—

Sales: 0 (0) lots of 1,500 kilos.

SYDNEY GREASY—Close (in order buyer, seller, business, sales) MICRON CONTRACT—May 341.7-342.2; 343.0-342.0; 18. July 346.5-348.9; 347.5-347.0; 6. Oct. 350.5-350.0; 351.0-351.0; 10. Dec. 358.0-358.3; 359.0-358.0; 13. March 366.0-366.8; 367.5-366.8; 22. May 370.0-371.0; 371.0-370.0; 17. July 372.7-373.0; nil; nil. Oct. 375.1-376.0; nil; nil. Total sales: 120 lots

SOYABEAN MEAL

The market opened £2.50 lower following the sharp drop in Chicago. But prices gradually picked up on scattered buying and the finish showed losses of only £1.50-£2.50, SNW reports.

	Yesterday Close	+ or —	Business Done
	£ per tonne		
April	138.00-38.0	+1.0	136.50
June	128.50-28.0	—1.85	131.50-27.91
August	128.50-28.7	—1.70	13[illegible].00-27.50
October	125.10-25.7	—1.65	126.8[illegible]-25.0
December	120.50-21.7	—1.15	21.50-20.00
February	122.5-25.5	+0.65	123.60-22.80
April	122.5-25.5	+0.50	—

Sales: 162 (276) lots of 100 tonnes.

MEAT/VEGETABLES

SMITHFIELD—(Prices in pence per pound)—Beef: Scotch killed sides 52.3 to 56.5. Ulster hindquarters 68.0 to 70.0, Forequarters 36.0 to 39.0. Eire hindquarters 68.0 to 70.0. Forequarters 37.0 to 39.0.

Lamb: England Small New Season 65.0 to 74.0. Imported frozen: N.Z. PL 46.5 to 47.0, PM 45.0 to 45.5, PH 43.5 to 44.0.

Pork: England, under 100 lbs 35.0 to 43.0, 100-120 lbs 36.0 to 42.0, 120-160 lbs 36.0 to 41.0.

Cocoa:

Following an initially weak London market prices remained static until the opening of the New York market when values again came under pressure to close near the day's loss lows, reports Gill and Duffus.

Sales: 3,415 (1,635) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound)—Daily price April 17: 153.77 (164.05). Indicator prices April 18: 15-day average 162.07 (162.68); 22-day average 158.71 (159.75).

MEAT COMMISSION—Average fatstock prices at representative markets on April 15. GB—Cattle 68.05p per kg.l.w. (+0.58); U.K.—Sheep 137.3p per kg.est.d.c.w. (—1.2); GB—Pigs 62.5p per kg.l.w. (+0.3). England and Wales—Cattle numbers down 1.8 per cent., average price 67.89p (+0.61); Sheep numbers down 7.1 per cent., 136.9p (—2.0); Pig numbers up 3.4 per cent., 62.3p (+0.3). Scotland—Cattle numbers down 8.7 per cent., 68.39p (+0.37); Sheep numbers down 31.2 per cent., 136.3p (—0.8); Pig numbers up 33.9 per cent., 64.5p (—0.1).

COVENT GARDEN (Prices in sterling per package except where otherwise stated)—Imported Produce: Oranges—Spania: Bloods 3.20-3.30; Cypriot: Valencia Lates 15 kilos 2.40-3.60; Jaffa: Shamouti 3.75-4.05; Egyptian: Valencia Lates 2.00; Moroccan: 2.50-2.80; Texas: 3.40. Lemons—Italian: 100/120's 4.00-4.20; Cypriot: 2.80-3.50; Spania: Small trays 25/30's 1.60; Californian: 3.50-4.00. Grapefruit—Cypriot: 15 kilos 2.50-2.60; 20 kilos 3.00-3.60; Jaffa: 20 kilos 3.00-3.75; U.S.: Ruby Red 15 kilos 4.80. Ortaniques—Jamaican: 6.25-6.50. Apples—French: Golden Delicious 20 lbs 84's 2.50-2.70, 72's 2.70-3.00; 40 lbs 5.40-6.00, Golden Delicious, jumble pack, per pound 0.12-0.13; Italian: Rome Beauty, per pound 0.13, Golden Delicious 0.11-0.12; U.S.: Red Delicious 8.00-8.30; S. African: Dunn's 6.60, Jonathan 6.80, Starking Delicious 8.20-8.30; Chilean: Granny Smith 7.00-7.20; New Zealand: Cox's Orange Pippins 163/234 7.00-8.00; Danish: Per pound Cox's 0.18, Spartans 0.10-0.11. Pears—S. African: Cartons, Packham's Triumph 6.80-7.40, Beurre Hardy 6.50-7.00; Dutch: Conference per pound 0.14; Belgian: Conference 0.10-0.12. Grapes—S. African: New Cross 5.80, Barlinka 3.80; Chilean: Thompson Seedless 5 kilos 4.20. Bananas—Jamaican: Per pound 0.15. Melons—Chilean: White 4.50, Green 5.50; Colombian: Green 3.00. Avocados—Kenyan: Fuerte 14/24's 4.80-5.00; S. African: Fuerte 4.50. Strawberries—Israeli: 0.45; Spanish: 0.45-0.50; Californian: 1.00. Lettuce—Dutch: 24's 2.80. Pineapples—Ivory Coast: 0.40-0.90 each. Onions—Dutch: Large 2.00-2.40, medium 1.00-1.20; Chilean: Bags approx. 50 lbs 3/5's 4.30; Italian: 2.80; Canary: 4.00. Capsicums—Kenyan: Per pound 0.40; Canary: 0.38. Celery—Spanish: 15's/36's 5.50-6.00; American: 24's 5.80.

English produce: Potatoes—Per 56 lbs Whites/Reds 1.90-2.30. Lettuce—Per 12's 1.50. Beetroots—Per 28 lbs 1.20. Turnips—Per 28 lbs 0.50. Carrots—Per bag 0.60-1.00. Parsnips—Per 28 lbs 0.80-1.00. Onions—Per 56 lbs 1.80-2.00. Swedes—Per 28 lbs 0.50. Rhubarb—Per pound, outdoor 0.08-0.09. Cucumber—Per tray 12/24's 1.60-2.20. Mushrooms—Per pound 0.40-0.45. Apples—Per pound Bramley's 0.13-0.18, Cox's Orange Pippins 0.16-0.20, Laxtons 0.08-0.12. Pears—Per pound Conference 0.11-0.15. Tomatoes—Per pound English 0.40-0.45. Greens—Per crate, Kent 0.80. Cauliflowers—Per 12's 2.80-3.60.

U.S. demand for European aluminium

INCREASED U.S. demand has boosted the order books of some major European aluminium rolling mills, many of which suffered at the end of last year and in early 1978 from declining orders and weakening prices, the Commodities Research unit says in the April issue of its Metal Monitor on aluminium.

Recent strikes in the U.S. have cut production capacity below the demand level and European mills have consequently been receiving extra orders. Delivery times have lengthened to about three months.

An exception is the U.K., where demand remains poor, while competition from overseas mills is strong and comparatively few orders have been received from the U.S.

Coffee quota talk denied

MEXICO CITY, April 18.

MEXICAN COFFEE authorities have denied New York market suggestions that Central American coffee producers will adopt a quota system on April 24.

"It's absolutely untrue," Sr. Daniel Morales, marketing director of the Mexican Coffee Institute (INMECAFE) said in Jalapa.

"We are waiting to see how the market prices evolve and what is the coffee demand, but the Central American coffee producers' marketing committee has not decided on the matter," he said.

Central American Mild coffee producers recently decided to continue a sales suspension started over a month ago because of low prices.

The New York rumours suggested the coffee quota would be 274,000 bags for El Salvador, 145,000 for Mexico, 74,000 for Honduras, 50,000 for Guatemala 21,000 for Nicaragua and 35,000 for Costa Rica.

Sr. Morales said: "This is absolutely false. I repeat there is no decision."

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	April 18 1978	+ or —	Month ago
Metals			
Aluminium	£680	......	£680
Free market (cif)	$980-95	......	$9[illegible]0-60
Copper cash W. Bar	£701.5	......	£652.5
3 months do. do.	£718.25	+0.5	£677.25
Cash Cathode	£691.5	......	£643.5
3 months do. do.	£708	+0.25	£657.5
Gold	Troy oz. $175.625	0.75	177.375
Lead Cash	£308.5	—6.0	£301.5
3 months	£315.5	—4.875	£306.25
Nickel			
Free Market (cif lb)	$1.93 2.05	......	$1.9 2.04
Platinum troy oz.	£117.50	......	£114.5
Free Market	£112.5	+0.56	£113.2
Quicksilver (76lb.)	$130-35	......	$130-35
Silver troy oz.	275.25	—2.65	272.3p
3 months	280.5	—2.45	277.25p
Tin Cash	£5,925	—40.0	£5,777.5
3 months	£5,912.5	—32.5	£5,775.5
Wolfram 22.04lb. cif	$140-45	—0.5	$149-5[illegible]
Zinc cash	£294	—6.5	£268.5
3 months	£301.5	—6.25	£272.5
Producers	$550-600	......	$550
Oils			
Coconut (Phil.)	$645y	—5.0	$675
Groundnut	$743	+15.0	£661
Linseed Crude (r)	$355	+25.0	$312
Palm Malayan	$610x	+2.0	$560
Seeds			
Copra Philip.	$420r	......	$440
Soyabean (U.S.)	$301z	—4.0	$300
Grains			
Barley EEC			
Home Futures	£82.8	+0.8	£74.35
Maize			
French No. 3 Am	£105.75z	......	£101
Wheat			
No. 1 Red Spring	£95.75y	+0.25	£90.25
No. 2 Hard Winter	‡	......	‡
English Milling	£100z	......	£100
Cocoa shipment	£2,014	—56.0	£1,857
Future July	£1,912.5	—56.0	£1,806.5
Coffee Future			
July	£1,494.5	—22.0	£1,401.5
Cotton 'A' Index	69.6c	......	69½c
Rubber kilo	50	+1.25	48.25p
Sugar (Raw)	£101	+1.0	£96
Wooltops 64s kilo	275	......	270p

* Nominal. ‡ Unquoted. r May-June. t May-Aug. x June. v April-June. y April-May. z May. § Per ton.

FINANCIAL TIMES			
Apr. 18	Apr. 17	Month ago	Year ago
240.72	242.27	232.92	275.87

(Base: July 1, 1952=100)

REUTER'S			
April 18	April 17	Month ago	Year ago
1452.0	1451.0	1404.2	1740.5

(Base: September 18, 1931=100)

DOW JONES				
Dow Jones	April 18	April 17	Month ago	Year ago
Spot	361.15	363.30	355.53	432.96
Futures	352.18	354.50	342.51	411.67

(Average 1924-25-26=100)

MOODY'S				
Moody's	April 18	April 17	Month ago	Year ago
Spple Commty	906.1	909.4	897.6	948.0

(December 31, 1931=100)

COTTON

Liverpool—Spot and shipment sales amounted to 37 tonnes, bringing the total for the week to 318 tonnes, reports F. W. Tattersalls. Trading returned to retail proportions as spinners placed only necessary orders. New developments were still lacking.

*

GRIMSBY FISH—Supply moderate, demand fair. Prices per stone at ship's side (unprocessed): Shelf cod £3.40-£3.90, codlings £2.80-£3.40; large haddock £4.00-£4.50, medium £3.60-£4.00, small £1.50-£2.60; medium plaice £3.40-£4.00, best small £3.00-£3.60; large skinned dogfish £5.00, medium £7.00; lemon soles £8.00, saithe £2.50-£3.00.

U.S. Markets

Silver and gold rally: cocoa weak

NEW YORK, April 18.

COCOA and copper were both weaker following European trends. Gold, silver and platinum rallied after Monday's fall. Wheat was weak but soyabeans and soyabean products were steady, our staff reports.

Cocoa—May 153.25 (159.25), July 147.70 (153.70), Sept. 143.45, Dec. 137.65, March 132.85, May 129.50, July 126.75 settlements. Sales: 1,970.

Coffee—"C" Contract: May 176.00-176.50 (178.50), July 156.25-156.50 (156.10), Sept. 139.00-139.50, Dec. 126.00, March 117.00-119.00, July 112.50-114.50, Sep. unquoted. Sales: Not available.

Copper—April 60.10 (60.50), May 60.30 (60.70), June 60.90, July 61.40, Sept. 62.40, Dec. 63.90, Jan. 64.40, March 65.40, May 66.40, July 67.40, Sept. 68.40, Dec. 69.90, Jan 70.40 settlements. Sales: 4,100 lots.

Cotton—No. 2: May 57.55-57.65 (57.02), July 58.85-58.90 (58.28), Oct. 60.75, Dec. 61.45-61.55, March 62.60, May 63.10, July 63.50-63.75, Oct. 62.75-63.75. Sales: 505,000 bales.

*Gold—April 173.40 (171.60), May 174.00 (172.30), June 174.60, Aug. 176.70, Oct. 178.90, Dec. 181.20, Feb. 183.50, April 186.10, June 188.30, Aug. 191.50, Oct. 194.30, Dec. 197.10, Feb. 200.00 settlements. Sales: 7,300 lots.

†Lard—Chicago loose 23.00 (same). New York prime steam 24.50 nom. (24.50 traded).

†Maize—May 260-259½ (260½), July 257½-257 (257½), Sept. 256½-256, Dec. 257-257½, March 263½, May 266½.

§Platinum—July 207.30-207.90 (206.50), Oct. 211.30-211.40 (210.40), Jan. 215.20-215.40, April 219.40-219.60, July 223.30-223.70. Sales: 1,560 lots.

*Silver—April 507.00 (502.70), May 508.00 (504.00), June 511.30, July 515.10, Sept. 522.50, Dec. 534.30, Jan. 539.30, March 546.30, May 554.40, July 562.70, Sept. 571.10, Dec. 584.00, Jan. 588.20 settlements. Sales: 23,000 lots. Handy and Harman spot bullion 505.00 (506.30).

Soyabeans—May 721-723 (721), July 713-717 (715), Aug. 700, Sept. 657½-658, Nov. 633-632½, Jan. 639, March 644-645, May 648.

‖Soyabean Meal—May 181.00-181.50 (180.30), July 184.50-185.00 (183.70), Aug. 184.00, Sept. 174.60-175.50, Oct. 171.50-172.00, Dec. 171.00-171.50, Jan. 171.50-172.00, March 173.00-176.00, May 175.30-176.30.

Soyabean Oil—May 27.30-27.35 (28.07), July 26.65-26.55 (27.38), Aug. 25.90-25.85, Sept. 24.50, Oct. 23.35-23.50, Dec. 23.00, Jan. 22.75, March 22.75, May 22.35-22.50.

Sugar—May 7.61-7.62 (7.72), July 7.80-7.81 (7.92), Sept. 8.39-8.62, Oct. 8.15-8.18, Jan. 8.70-8.92, March 8.98-8.99, May 9.18-9.20, July 9.39-9.42, Sept. 9.59-9.62. Sales: 4,400 lots.

Tin—499.00-503.00 asked (507.50 asked).

**Wheat—May 324½-324½ (328½), July 329½-328½ (329½), Sept. 332, Dec. 338½-338½, March 342½, May 345½.

WINNIPEG, April 18. ††Rye—May 114.00 bid (114.50 bid), July 111.00 (112.00 asked), Oct. 110.20 bid, Nov. 112.00 asked, Dec. 112.10 nom.

††Oats—May 83.40 (83.30 bid), July 79.50 (79.30 asked), Oct. 78.30 asked, Dec. 77.00 bid.

‡‡Barley—May 81.50 (82.00 bid), July 81.60 asked (81.90 bid), Oct. 80.60 asked, Dec. 80.20 bid.

§§Flaxseed—May 256.50 bid (254.50 bid), July 257.00 asked (254.20), Oct. 259.00 bid, Nov. 257.50 asked, Dec. 258.00 asked.

**Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 167.75 (167.95).

All cents per pound ex-warehouse unless otherwise stated. *$'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Agriculture prices previous day. Prime steam fob NY bulk tank cars. ‡ Cents per 56-lb bushel ex-warehouse, 5,000-bushel lots. § $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ¶ Cents per troy ounce ex-warehouse. ‖ New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered fob cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60-lb bushel in store. †† Cents per 24-lb bushel. ‡‡ Cents per 48-lb bushel ex-warehouse. §§ Cents per 56-lb bushel ex-warehouse, 1,000-bushel lots. ¶¶ $C per tonne.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
[illegible] Kodak	$40	6⅛	10	—	—	—	—	$46⅛
[illegible] Kodak	$45	3	19	4⅛	11	—	—	
[illegible] Kodak	$50	1⅛	5	1⅞	20	—	—	
IBM	$240	14¾	31	16¼	23	—	—	$251½
IBM	$260	4⅝	34	7½	8	—	—	
IBM	$280	1⅛	18	2¾	16	—	—	
[illegible]M	$50	—	—	—	—	—	—	$66⅛
[illegible]M	$60	6	20	6	14	—	—	
[illegible]M	$70	7⅛	2	1⅛	7	—	—	
Philips	F22.50	3.20	2	3.90	4	—	—	F25.40
Philips	F25.00	1.30	18	—	—	—	—	
Philips	F27.50	—	—	.90	26	—	—	
R. D. Shell	F120	10.40	11	10.80	27	—	—	F128.80
R. D. Shell	F130	3.30	116	4	97	—	—	
R. D. Shell	F140	.40	8	1.20	41	—	—	
Unilever	F110	10.20	3	10.50	1	—	—	F.119.30
Unilever	F120	—	—	3.50	12	—	—	
Unilever	F130	—	—	—	—	—	—	

Option	Price	May Close	May Vol.	August Close	August Vol.	November Close	November Vol.	Equity close
[illegible]	700p	80	—	90	—	115	—	770p
[illegible]	750p	36	—	45	—	70	—	
[illegible]	800p	18	—	18	—	44	—	
[illegible]	300p	44	—	67	—	72	—	335½p
[illegible]	325p	26	—	58	—	52	—	
[illegible]	350p	17	—	18	—	30	—	
[illegible]	375p	14	—	16	—	22	—	
EC	200p	54	—	62	—	68	—	238p
EC	225p	30	—	41	—	58	—	
EC	250p	18	—	23	—	34	—	
EC	275p	14	—	22	—	25	—	

STOCK EXCHANGE REPORT

Good day in equities but volume of trade still small

Share index up 6.8 at 453.5—British Funds steady

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 3	Apr. 13	Apr. 14	Apr. 25
Apr. 17	Apr. 27	Apr. 28	May 10
May 2	May 11	May 12	May 23

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Encouraged by the impressive overnight performance on Wall Street, equity markets staged a useful rally yesterday. British Funds, however, failed to extend the previous day's recovery movements. Nevertheless, the undertone in the latter sector was quietly steady in the absence of selling.

A modest demand for the equity leaders, which found the market short of stock, was swiftly reflected in prices and by 1 p.m. the FT 30-share index recorded a gain of 10.4. A little stock came out at the enhanced levels and the rise in the index was reduced to 6.8 at the close of 453.5. Part of the reaction was accounted for by the after-hours' fall in Hawker Siddeley which ended 2 down at 188p, after 198p, on annual results below market expectations.

Rises were widespread throughout secondary issues but as with the leaders, the level of business left much to be desired; official markings were only 4,608. Among the sectors, U.S.-orientated Investment Trusts were particular beneficiaries from the overnight jump on Wall Street as reflected in a rise of 3.3 per cent. to 195.70 in the FT-Actuaries index for the subsection compared with a gain of 1.5 per cent. to 201.87 in the All-Share index.

Renewed dullness in Gold shares was prompted by a fresh setback in the price of bullion. Some fairly persistent selling left the Gold Mines index down 4.4 more at 453.5.

Gilts mark time

Apart from short-dated issues, which recorded scattered fractional improvements, Gilt-edged securities closed without much alteration after a rather quiet trading session. The Chancellor's repeated statement that it may be possible to consider further stimulus to the economy later in the year prompted a nervous start to dealings and prices were lowered a shade, but sellers held off and quotations reverted to overnight levels. Thereafter, the tone held steady to firm. Corporations caught up with the previous day's recovery movement in the main Funds and closed with gains extending to ½.

Dealers in the investment currency market experienced a hectic day's trade. A very heavy volume of business was better balanced than recently and the premium swung between extremes of 121 per cent. and 112½ per cent. with the high-point being reached on further buying following Wall Street's recent good performance. Subsequent profit-taking took the premium down to 112½ before the close of 115¼ per cent. for a loss of one point against the previous two-day jump of 11½. Business was almost all on institutional account. Yesterday's conversion factor was 0.6547 (0.6558).

Clive Discount good

Quotations of the major clearing banks starte dto drift lower from a firm start in front of the Price Commission's statement on bank charges, but picked up late to finish only a couple of pence below the best following the report which found the charges made for money transmission services not excessive. Barclays finished 7 higher at 343p, after 316p, while Midland closed 5 to the good at 353p, after 356p. Clive became a firm and active counter among Discounts, rising 7 to 78p on buying ahead of tomorrow's preliminary results. Alexanders, 234p, and Cater Ryder, 285p, rose 11 and 10 respectively, while Union put on 5 to 300p and Gerrard and National 4 to 162p. Investment currency influences gave a further boost to several foreign issues. Algemene hardened ¾ to £133 and Copenhagen Handelsbank rose a point to £18, while Wall Street advices additionally helped Bank of America, up ¾ at £19¾, and Wells Fargo ½ better at £23.

A firm market of late on the good results, Hambro Life came to the fore again in Insurances, rising 18 to 308p on demand in a market short of stock. Pearl added 6 to 228p and Legal and General put on 4 to 147p. Composites were inclined harder with London United up 3 more at 151p on further consideration of the doubled annual profits and the proposed 300 per cent. scrip issue. Royals, on the annual report, touched 358p before closing 5 beter on balance at 353p.

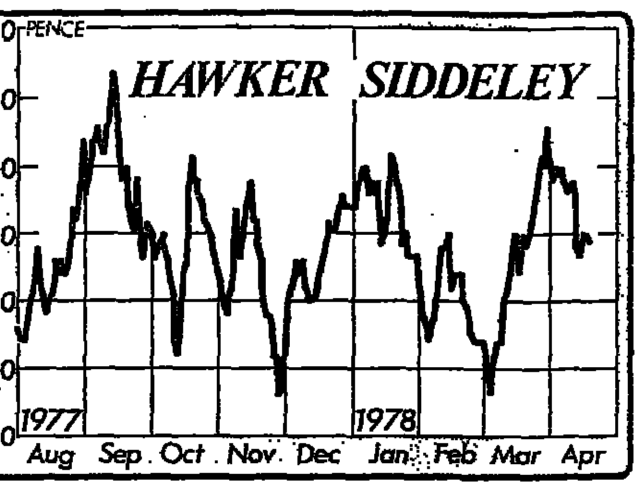
Breweries moved higher in light trading. Allied closed 1½ harder at 84p, while Whitbread "A", 89p, and A. Guinness, 173p, put on 2 and 3 respectively. Elsewhere, Distillers improved 3 to 175p.

Building descriptions moved higher in an improved trade. Marchwiel put on 10 to 282p. Tunnel B rose 6 to 238p following the acquisition of Crossford Pollution Services which extends the company's interests in toxic waste disposal. Richard Costain, 244p, and Taylor Woodrow 334p, both firmed 4 as did BPB 219p. Bryant Holdings rose 2½ to 55½p on the announcement that the chairman and managing director, Mr. A. C. Bryant, had been cleared of corruption charges at Birmingham Crown Court. Newarthill, 163p, and Rugby Portland Cement, 74p, added 3 and 4 respectively in further response to preliminary results, while Brown and Jackson firmed 3 more to 68p after renewed interest. AP Cement closed 7 dearer at 227p, after 229p.

In a reasonable trade, ICI touched 337p before closing 3 better on balance at 335p. Small buying lifted Allied Colloids 4½ to 66½p.

Stores up again

Evidence that retail spending is now on a clearly rising trend helped the leading Stores to take the previous day's firmness a stage further. Technical influences played a major part in bringing about the gains but



British Home, 180p, Gussies A, 276p, and Mothercare, 158p, all closed 4 higher, while W. A. Smith A put on 3 to 145p. Marks and Spencer ended only a penny harder at 142p, after 144p. Elsewhere, Home Charm gained 8 to 126p following the annual figures, while Currys gained 5 to 184p after comment on the second-half upturn in profits. Allied Retailers put on 7 to 212p in a thin market and improvements of 4 and 8 respectively were seen in MFI, 76p, and Freemans, 300p.

Electricals had a fairly uneventful session, but Racal Electronics rose 6 to 312p, while renewed speculative interest lifted BSR 5 to 95p and United Scientific 10 to 298p. Dowding and Mills hardened a penny to 24 pon the interim report and Sony, still reflecting currency influences, improved 35 more to 730p.

A good day in the Engineering leaders was soured in the late trade by Hawker which fell sharply on disappointment with the preliminary profits; standing at 198p in front of them, the shares fell away o nthe announcement to finish 2 off at the day's lowest of 188p. Elsewhere, stock shortage helped to a gain of 14 in GKN, 269p, while Tubes improved 8 to 360p, after 362p, and John Brown rose 5 to 303p. Secondary issues were featured by a jump of 6 to 61p in Francis Industries on the better-than-expected results, while demand in a thin market left Bullough 9 up at 123p and the new nil-paid 10 dearer at 73p premium. Further consideration of the results and proposed 50 per cent. scrip-issue helped Blackwood Hodge improve 2½ more to 88½p. Peter Brotherhood, firm of late on bid hopes, declined 4 to 156p, after 155p, on disappointment with the sharp setback in annual earnings.

Foods had their share of firm spots. J. Bibby picked up 4 more at 223p, while gains of 7 were seen in Associated Dairies, 217p, and Rowntree Mackintosh, 397p. Batleys of Yorkshire rallied 3 to 51p as did Geo. Bassett, to 143p. Biscuit Manufacturers had United 3 better at 150p and Associated 5 higher at 84p. Awaiting fresh developments in the bid situation, Wheatsheaf Distribution rose 11 to 196p in sympathy with an improvement of 12 to 140p in bidders Linfood. Other firm Retailers included J. Sainsbury, 5 better at 172p, and Cullen's Stores, 6 to the good at 100p.

M. F. North hardened 2 to 39p on the increased earnings, while small buying in anticipation of tomorrow's results left City Hotels 3 better at 109p.

Misc. leaders better

Miscellaneous Industrial leaders staged a useful technical rally. Marked higher at the outset on the back of a buoyant Wall Street, prices improved further on the appearance of buyers and, with stock in short supply, some good improvements were recorded by the close. U.S. influences provided Rank Organisation with a gain of 8 to 239p, while Glaxo closed a similar amount dearer at 525p, after 530p. Metal Box added 6 at 298p, Bowater 5 to 188p, and Reckitt and Colman a similar amount to 433p. Beecham, however, failed to hold an initially firm level of 627p and ran back to finish a penny easier on balance at 622p. Elsewhere, persistent bid speculation helped Letraset put on 6 to 166p and buying in front of to-day's results left Horizon Midlands up 5 at 93p. Cosalt moved up 3 to 77p in response to the higher annual profits and proposed 50 per cent. scrip-issue, and Pleasurama were marked up a penny to 74p on an investment recommendation. Hawtin came in for good support ahead of forthcoming results and rose 2½ to 13¼p, while improvements of 6 and 8 respectively were seen in Booker McConnell, 226p, and ICL, 240p. By way of contrast, Walker and Homer relinquished a penny to 13½p following the first-half profits setback.

Motors and Distributors were better in places. Sharply increased earnings lifted BSG International 1¾ to 40¾p, while Supra Group closed 5 up at a 1978 peak of 44p following news of the proposed rights issue which accompanied substantially increased profits. Lucas Industries closed 4 up at 278p, after 281p. Gains of 5 were recorded in York Trailer, 66p, and Colmore Investments, 41p, while Rolls-Royce ended 2 harder at 81p, after 82p. Dunlop, however, eased 2 to 80p in front of tomorrow's results.

Newspapers and kindred trades moved higher in thin trading. Collett Dickenson Pearce ended 5 better at 63p following the higher profits which outweighed the accompanying announcement that the Inland Revenue is to institute criminal proceedings. Elsewhere, fresh speculative support lifted Mills and Allen a further 5 to 170p and Finlas ended a like amount dearer at 112p. Wace Group hardened a penny to 36p; Blade Investments yesterday disposed of 275,000 shares in the company at 33p per share.

Properties took a distinct turn for the better on small buying, but generally closed below the best of the day. Land Securities closed 2 better at 193p after 195p, and British Land a penny up at 30p after 31p. MEPC, 109p, and Haslemere, 216p, both held gains of 3. Fairview Estates were helped by reports of a continued rise in house prices and finished 6 to the good at the day's best of 107p. Glanfield Securities were an exception to the general trend, easing 8 to 267p after 265p, while Clarke Nickolls shed 4 more to 74p on further consideration of the results.

Oils firm again

Wall Street buoyancy again influenced Oils where British Petroleum firmed 10 to 768p after 772p, and Shell 5 to 520p after 523p. Oil Exploration rose 14 to 210p in a reasonable trade, and Burmah added a penny to 47p in front of to-day's results. Weeks Natural Resources, 8 up at 150p, again reflected the Australian market.

J. E. Sanger moved up 3 to 30p on revived speculative interest in Overseas Traders where small demand raised Gill and Duffus 4 to 216p and S. and W. Berisford 6 to 114p. Following news of the bid from Anglo-Indonesian, dealings were resumed in Walker Sons which opened and closed at 86p, compared with the pre-suspension price of 34p. AIP finished unchanged at 94p.

Investment Trusts took Monday's re-rating on the recent strong performance of Wall Street a good stage further and closed with widespread gains. City and Foreign Investment put on 6 to 72p, while rises of 5½ were seen in Foreign and Colonial, 147½p, and North American, 92½p. Investment Trust Corporation attracted support and advanced 8 to 193p. Similar rises were seen in Jersey General, 243p and Dualvest Capital, 198p, while Montagu Boston picked up 3½ more at 63p. In Financials, S. Pearson gained 4 to 180p awaiting Friday's preliminary figures. Yule Catto, however, lost a like amount at 78p following news of the company's reorganisation of its Malayan plantation interests.

Shippings took a turn for the better. Furness Withy, a dull market of late, recovered 13 to 226p, while gains of 4 were seen in P & O Deferred, 95p, and British and Commonwealth, 267p.

In Textiles, F. Miller closed 2 up at 40p and Tern-Consulate 4½ better at 34½p following their preliminary statements.

Abercom Investments returned to favour in South African industrials, rising 12 to a 1978 peak of 112p.

Rubbers made good progress. Malakoff rose 5 to 92p, while gains of around 4 were seen in Highlands, 92p, and Kuala Lumpur Kepong, 59p. McLeod Russel, a dull market of late, advanced 12 to 205p in otherwise little-changed Teas.

South African Gold shares came under persistent selling pressure for the fifth consecutive trading day following the fresh fall in the bullion price, which was finally 75 cents down at $173.625 per ounce.

The lower bullion price followed a sharp downturn in overnight U.S. markets in the light of the continuing buoyancy of U.S. equities.

Gold share prices were marked down sharply at the outset of trading and tended to drift easier until the after-hours' business when modest U.S. "cheap" buying enabled them to harden a shade.

Nevertheless, the Gold Mines index dropped 4.4 more to 137.9 bringing the fall over the last five trading days to 14.4.

Among heavyweights, Randfontein gave up £1½ to £33¾ in front of the reduced quarterly profits, while Vaal Reefs declined ¼ to £12¼. Lower-priced issues showed Libanon 31 down at 453p and Western Areas 6 easier at 166p; the latter's sharply reduced quarterly profits were announced after market hours. In the marginals, Durban Deep dropped 18 more for a two-day fall of 39 to a 1978 low of 140p.

South African Financials became erratic reflecting the fluctuations in the investment currency premium. De Beers closed 2 better on balance at 335p, after 340p, while UC Investments gave up 4 to 216p.

London-registered Financials were featured by RTZ which attracted a good demand to close 9 firmer at 205p. Selection Trust put on 4 more to 408p in front of to-morrow's results.

An undecided trend in overnight Sydney and Melbourne markets coupled with the sharp fluctuation in the premium left Australians mixed.

Hopes of an early start up of the Ranger uranium mine helped Peko-Wallsend add 10 more at a 1978 high of 480p and EZ Industries 5 at 215p. Among base-metal miners, Bougainville gained another 6 to a 1978 high of 113. On the other hand, the more speculative Tasminex met profit-taking and dropped 15 to 80p.

Coppers were untested but Tin[s] responded to the early firmness of the premium which induced arbitrage buying. Malayan T[in] closed 15 higher at 305p, Souther[n] Kinta 10 firmer at 150p and Tronoh the same amount better at 185.

Elsewhere, Murchison advanced 15 to 265p in front of the return to profitability in the last quarter.

FINANCIAL TIMES STOCK INDICES

	Apr. 18	Apr. 17	Apr. 14	Apr. 13	Apr. 12	Apr. 11	A year ago
Government Secs.	71.75	71.73	71.50	71.53	72.76	73.60	67.97
Fixed Interest	74.91	74.84	75.13	75.31	76.49	77.03	69.02
Industrial Ordinary	453.5	446.7	447.4	452.9	460.2	470.4	408.1
Gold Mines	137.9	142.3	147.0	150.9	151.4	152.3	118.1
Ord. Div. Yield	5.94	6.02	6.01	5.95	5.87	5.75	5.58
Earnings Y'ld%(full)(*)	17.44	17.69	17.69	17.38	17.14	16.80	17.05
P/E Ratio (net)(*†)	7.92	7.80	7.80	7.84	8.05	8.21	8.59
Dealings marked	4,608	4,482	4,930	5,820	5,180	4,244	5,053
Equity turnover £m.	—	69.11	71.43	80.47	78.71	48.10	43.39
Equity bargains total	—	14,696	14,465	14,785	14,425	10,518	12,463

10 a.m. 452.1. 11 a.m. 454.6. Noon 455.3. 1 p.m. 457.1.
2 p.m. 458.7. 3 p.m. 458.0.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=7.56.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec., 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	71.50 (14/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	74.84 (17/4)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines.	168.6 (8/3)	130.3 (6/1)	442.3 (22/6/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Apr. 18	Apr. 17
—Daily		
Gilt-Edged	150.9	155.9
Industries	157.9	156.7
Speculative	40.8	33.3
Totals	104.9	102.0
5-day Av'rage		
Gilt-Edged	176.9	179.8
Industrials	172.8	170.2
Speculative	34.5	32.5
Total	113.9	112.2

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (214)

LOANS (1)
AMERICANS (43)
CANADIANS (18)
BANKS (11)
BUILDINGS (3)
CHEMICALS (1)
DRAPERY AND STORES (1)
ELECTRICALS (3)
ENGINEERING (10)
FOODS (5)
HOTELS (1)
INDUSTRIALS (19)
INSURANCE (3)
MOTORS (5)
PAPER AND PRINTING (2)
PROPERTY (1)
SOUTH AFRICANS (1)
TEXTILES (4)
TRUSTS (39)
OILS (9)
OVERSEAS TRADERS (3)
RUBBERS (10)
MINES (21)

NEW LOWS (25)

CORPORATION LOANS (1)
L.C.C. 5½pc 1977-81
BUILDINGS (2)
Benford Concrete Francis (G. R.)
CHEMICALS (1)
I.C.I. 5½pcPf.
DRAPERY AND STORES (1)
Church
ELECTRICALS (1)
Lec Refrigeration
INDUSTRIALS (4)
Fertleman Metal Closures
Martin-Black Scotcros
PROPERTY (4)
Bilton (P.) Slough Estates
Mountview Warner Estates
TEXTILES (1)
Bright (J.)
TRUSTS (1)
Triplevest Inc.
OILS (1)
BP 8pcPref.
MINES (8)
Durban Deep F. S. Saaiplaas
Grootvlei Harmony
Doornfontein Loraine
Venterspost Unisel

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	18	1	[illegible]
Corpns., Dom. and Foreign Bonds	14	1	[illegible]
Industrials	626	93	[illegible]
Financial and Prop.	319	21	[illegible]
Oils	25	2	[illegible]
Plantation	19	1	[illegible]
Mines	42	52	[illegible]
Recent Issues	5	5	[illegible]
Totals	1,123	176	[illegible]

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OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr. 11	Apr. 24	July 6	July 18
Apr. 25	May 9	July 20	Aug. 1
May 10	May 22	Aug. 3	Aug. 17

For rate indications see end of Share Information Service

Money was given for the call in Premier Consolidated Oil, Town and City Properties, Burmah Oil, Britannia Arrow, Venterspost, Duple International, Crescent Japan Warrants, Dunlop, Brent Walker, Siebens Oil (U.K.), Queens Moathouses, Comben, KCA International, Wade Potteries, Adda International, Bishopsgate Platinums, Western Mining, Mims, Ultramar, Giltspur, William Press, Renwick and Consolidated Gold Fields. Puts were taken out in Charterhouse, Cullen's Stores "A" and J. B. Eastwood, while a double was arranged in Bishopsgate Platinums.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	13	768	+10	864	720
Shell Transport	25p	12	520	+ 5	533	484
De Beers Defd.	R0.05	10	335	+ 2	354	285
ICI	£1	10	335	+ 3	365	328
Boots	25p	9	203	+ 3	231	184
Ultramar	25p	9	231	+ 9	234	194
Commercial Union	25p	8	143	+ 1	156	138
Marks & Spencer	25p	8	142	+ 1	160	136
P & O Defd.	£1	8	95	+ 4	118	91
RTZ	25p	8	205	+ 9	205	164
English Property	50p	7	29	+ 1	47½	27
European Ferries	25p	7	110	+ 4	116	99
GUS A	25p	7	276	+ 4	312	256
Rank Org.	25p	7	239	+ 8	265	226
Royal Insurance	25p	7	353	+ 5	425	346

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —	Div. P. or Amount	Times Covered	Gross Yield	P/E Ratio
105	F.P.	26.4	150	118	Saga Holidays	150	+5	6.75	2.2	7.9	8.8

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or —
‡‡	F.P.	—	99p	94p	Amal. Inds. 10% 2nd Pref.	94p	+1
$100	F.P.	—	$99¾	$99⅞	Amer. Express Int Fin. Variable '82	$99¾	.....
100p	F.P.	20/5	110p	109p	Armitage (G.) 10½% 2nd Cum. Pref.	110p	.....
100	F.P.	—	101½p	100p	Brittains 8% Conv. Cum. Red. 2nd Pref.	100p	—½
¶¶	Nil	—	27½	27	Guthrie Malay. 10% 1st. Mort. '84-89	27	—½
‡‡	F.P.	31/4	10½	98½p	Greenall Whitley 8% Prf.	98½p	—1
‡‡	F.P.	28/4	104p	101½	Henk. Cattell 10% Cum. Pref.	103p	.....
‡‡	F.P.	9/6	105p	102	Menzies (J.) 9% Cum. Prf.	102p	—1
‡	F.P.	28/7	102¼	102	Mid-Sussex Water 7% Red. Prf. 1983	102	.....
¶¶	F.P.	9/6	106	97	Tates Hire Conv. Uns. Ln. 78-83	101	.....
‡‡	F.P.	14/4	118p	115p	W. Bromwich Spring 11.5% Prf.	115p	.....
₤98	£25	8/6	25½	24	York Water 11% Deb. 1988	24	—½

"RIGHTS" OFFERS

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p:	+ or —
50	Nil	5/6 31/5	73pm	63pm	Bullough	73pm	+10
105	Nil	—	27pm	23pm	London & Manchester Assurance	27pm	+2
62	F.P.	29/3 10/5	84	76	Watmoughs	84	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. *r* Dividend and yield based on prospectus or other official estimates for 1979. *q* Gross. *t* Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. *pt* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Rights by way of capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ⌐ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity Groups	Tues., April 18, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Mon. Apr. 17 Index No.	Fri. Apr. 14 Index No.	Thurs. Apr. 13 Index No.	Wed. Apr. 12 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (170)	197.87	+1.3	17.97	5.96	7.85	195.39	195.64	196.97	200.64	[illegible]
2	Building Materials (27)	177.37	+1.5	18.42	6.04	7.82	174.74	176.56	177.90	182.48	[illegible]
3	Contracting, Construction (26)	308.97	+1.9	18.66	4.24	7.97	303.20	302.98	304.43	312.36	[illegible]
4	Electricals (15)	415.56	+0.4	16.72	4.27	8.57	413.91	409.54	413.63	417.49	[illegible]
5	Engineering Contractors (14)	288.86	+1.8	17.26	7.00	7.83	283.69	285.56	287.46	289.77	[illegible]
6	Mechanical Engineering (71)	158.49	+0.9	19.52	6.52	7.03	157.01	156.89	157.59	161.14	[illegible]
8	Metals and Metal Forming (17)	160.88	+2.6	16.31	8.62	8.49	156.82	159.21	160.20	163.04	[illegible]
11	CONSUMER GOODS (DURABLE) (52)	182.92	+1.5	18.58	5.18	7.77	180.26	180.11	182.10	185.61	[illegible]
12	Lt. Electronics, Radio TV (15)	214.86	+1.9	16.33	3.98	8.80	210.93	210.69	212.12	217.80	[illegible]
13	Household Goods (12)	164.97	+0.8	17.32	6.83	8.03	163.60	163.68	166.47	168.99	[illegible]
14	Motors and Distributors (25)	116.03	+1.0	22.25	6.60	6.56	114.83	114.75	116.58	117.67	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (176)	192.38	+1.5	16.61	6.04	8.31	189.56	189.85	191.59	194.56	[illegible]
22	Breweries (14)	218.19	+1.6	14.96	6.09	10.13	214.69	216.57	216.95	221.27	[illegible]
23	Wines and Spirits (6)	247.15	+1.6	16.37	5.83	9.27	243.37	243.53	244.77	248.19	[illegible]
24	Entertainment, Catering (17)	246.51	+1.9	13.98	6.91	10.39	241.97	241.35	244.01	248.22	[illegible]
25	Food Manufacturing (22)	186.69	+1.3	21.85	5.78	6.37	184.27	185.96	186.22	188.14	[illegible]
26	Food Retailing (16)	190.06	+2.3	14.47	4.87	9.97	185.76	186.22	186.50	190.66	[illegible]
32	Newspapers, Publishing (13)	330.95	+0.8	11.72	3.87	12.56	328.21	328.12	328.16	336.87	[illegible]
33	Packaging and Paper (15)	125.49	+1.8	20.98	9.44	6.86	123.28	124.16	125.03	126.83	[illegible]
34	Stores (39)	178.11	+1.4	11.01	4.50	13.32	175.60	175.30	178.83	181.78	[illegible]
35	Textiles (25)	168.65	+1.2	21.79	7.90	5.68	166.59	166.72	168.72	171.71	[illegible]
36	Tobaccos (3)	230.35	+1.2	24.08	8.13	4.95	227.69	226.10	227.69	230.25	[illegible]
37	Toys and Games (6)	97.60	+1.9	20.70	6.14	6.46	95.75	95.67	96.86	98.50	[illegible]
41	OTHER GROUPS (97)	180.49	+1.3	17.95	6.17	7.33	178.26	178.51	180.26	183.01	[illegible]
42	Chemicals (19)	244.27	+0.9	20.62	7.09	6.63	242.19	241.26	244.74	249.17	[illegible]
43	Pharmaceutical Products (7)	240.99	+0.6	11.69	4.23	10.84	239.53	240.82	241.19	242.44	[illegible]
44	Office Equipment (6)	127.37	+3.0	19.05	4.90	6.16	123.67	123.56	124.18	126.58	[illegible]
45	Shipping (10)	411.75	+3.3	23.92	7.36	4.95	398.54	405.86	411.86	419.82	[illegible]
46	Miscellaneous (55)	190.39	+1.3	17.77	6.53	7.66	187.98	188.71	190.16	193.44	[illegible]
49	INDUSTRIAL GROUP (495)	196.55	+1.4	17.40	5.99	7.90	193.88	194.13	195.85	199.07	[illegible]
51	Oils (5)	447.48	+1.2	16.84	4.43	6.74	442.21	435.10	434.12	438.93	[illegible]
59	500 SHARE INDEX	217.47	+1.3	17.32	5.76	7.70	214.57	214.29	215.84	219.22	[illegible]
61	FINANCIAL GROUP (100)	158.83	+1.7	—	5.80	—	156.24	156.27	157.42	160.84	[illegible]
62	Banks (6)	188.62	+1.3	25.33	5.71	5.98	186.11	185.71	186.54	191.49	[illegible]
63	Discount Houses (10)	192.33	+3.3	—	8.59	—	186.25	185.46	185.20	190.99	[illegible]
64	Hire Purchase (5)	139.13	+1.9	14.06	5.75	10.53	136.52	140.38	140.16	148.37	[illegible]
65	Insurance (Life) (10)	129.23	+3.4	—	6.99	—	124.97	126.76	127.59	130.77	[illegible]
66	Insurance (Composite) (7)	123.43	+1.5	—	6.91	—	121.64	121.62	122.89	124.62	[illegible]
67	Insurance Brokers (10)	331.24	+2.4	14.62	4.40	9.91	323.44	319.99	322.46	327.55	[illegible]
68	Merchant Banks (14)	74.90	+1.9	—	6.42	—	73.47	73.83	74.17	75.82	[illegible]
69	Property (31)	213.21	+1.1	3.07	3.24	63.61	210.95	210.03	212.58	217.48	[illegible]
70	Miscellaneous (7)	104.25	+0.5	25.06	7.61	5.52	103.73	104.32	104.53	105.96	[illegible]
71	Investment Trusts (50)	195.70	+3.3	3.37	4.88	29.68	189.40	186.09	187.56	191.19	[illegible]
81	Mining Finance (4)	92.53	+2.5	16.85	7.59	6.90	90.27	89.39	88.72	90.33	[illegible]
91	Overseas Traders (19)	290.01	+1.1	16.41	6.77	7.59	286.77	285.48	284.60	286.32	[illegible]
99	ALL-SHARE INDEX (673)	201.87	+1.5	—	5.78	—	198.87	198.46	199.82	203.16	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues. Apr. 18	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	106.20	+0.02	0.31	3.33
2	5-15 years	116.46	+0.06	—	2.07
3	Over 15 years	120.46	—	—	4.97
4	Irredeemables	134.25	—	—	1.78
5	All stocks	113.81	+0.05	0.13	3.70

FIXED INTEREST YIELDS
Br. Govt. Av. Gross Red.

			Tues. Apr. 18	Mon. Apr. 17	Year ago (approx.)
1	Low Coupons	5 years	8.42	8.42	[illegible]
2		15 years	10.71	10.72	[illegible]
3		25 years	11.22	11.22	[illegible]
4	Medium Coupons	5 years	10.48	10.50	[illegible]
5		15 years	11.98	11.98	[illegible]
6		25 years	12.17	12.16	[illegible]
7	High Coupons	5 years	10.93	10.96	[illegible]
8		15 years	12.58	12.57	[illegible]
9		25 years	12.73	12.72	[illegible]
10	Irredeemables		10.94	10.94	[illegible]

		Tuesday, April 18 Index No.	Tuesday, April 18 Yield %	Monday April 17	Friday April 14	Thurs. April 13	Wed. April 12	Tuesday April 11	Monday April 10	Friday April 7	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	59.52	†12.48	59.66	59.52	59.49	60.07	60.44	60.44	60.44	[illegible]
16	Investment Trust Prefs. (15)	54.61	13.01	54.65	54.48	54.48	56.14	55.82	56.16	56.47	[illegible]
17	Coml. and Indl. Prefs. (20)	71.48	12.84	71.82	71.81	72.04	73.01	72.52	72.91	73.09	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Sa[turday] issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Ca[nnon] Street, London, EC4P 4BY, price 13p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

B.N. Bank	6½%	■ Hill Samuel §	6½%
lied Irish Banks Ltd.	6½%	C. Hoare & Co. †	6½%
merican Express Bk.	6½%	Julian S. Hodge	7½%
nro Bank	6½%	Hongkong & Shanghai	6½%
P Bank Ltd.	6½%	Industrial Bk. of Scot.	6½%
nry Ansbacher	6½%	Keyser Ullmann	6½%
nco de Bilbao	6½%	Knowsley & Co. Ltd.	9 %
nk of Credit & Cmce.	6½%	Lloyds Bank	6½%
nk of Cyprus	6½%	London Mercantile	6½%
nk of N.S.W.	6½%	E. Manson & Co. Ltd.	8 %
nque Belge Ltd.	6½%	Midland Bank	6½%
nque du Rhone	7 %	■ Samuel Montagu	6½%
rclays Bank	6½%	■ Morgan Grenfell	6½%
rnett Christie Ltd.	8½%	National Westminster	6½%
emar Holdings Ltd.	7½%	Norwich General Trust	6½%
it. Bank of Mid. East	6½%	P. S. Refson & Co.	6½%
wn Shipley	7½%	Rossminster Accept'es	6½%
nada Permanent AFI	6½%	Royal Bk. Canada Trust	6½%
pitol C & C Fin. Ltd.	8½%	Schlesinger Limited	6½%
yzer Ltd.	7 %	E. S. Schwab	8½%
dar Holdings	8 %	Security Trust Co. Ltd.	7½%
arterhouse Japhet	6½%	Shenley Trust	9½%
oulartons	6½%	Standard Chartered	6½%
E. Coates	7½%	Trade Dev. Bank	6½%
nsolidated Credits	6½%	Trustee Savings Bank	6½%
operative Bank *	6½%	Twentieth Century Bk.	7½%
inthian Securities	6½%	United Bank of Kuwait	6½%
dit Lyonnais	6½%	Whiteaway Laidlaw	7 %
Cyprus Popular Bk.	6½%	Williams & Glyn's	6½%
ean Lawrie §	6½%	Yorkshire Bank	6½%
il Trust	6½%		
lish Transcont.	8 %		
st London Secs.	6½%		
st Nat. Fin. Corpn.	8½%		
st Nat. Secs. Ltd.	8 %		
ony Gibbs	6½%		
yhound Guaranty	6½%		
ndlays Bank ‡	6½%		
nness Mahon	6½%		
nbros Bank	6½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%, 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3%, up to £25,000 3½% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

BUILDING SOCIETY INTEREST RATES

GREENWICH
(01-858 8212)
281, Greenwich High Road, Greenwich SE10 8NL.
*Deposit Rate 5.25. Share Accounts 5.60. Sub'pn. Shares 6.75. Term Shares 2 yrs. ½% above share rate. 3 yrs. 1% above share rate.

HEARTS OF OAK AND ENFIELD
(01-805 5666)
Walford House, 201, Hertford Road, Enfield EN3 5LQ.
Deposit Rate 5.23. Share Accounts 5.75. Sub'pn. Shares 7.25. Term Shares 6.75 3 yrs., 6.50 2 yrs., 6.25 1 yr.
* With effect from May 1st.

LONDON GOLDHAWK
(01-995 8321)
15 17, Chiswick High Road, London W4 2NG.
Deposit Rate 5.75 Share Accounts 6.25. Sub'pn. Shares 7.50.

MORNINGTON
(01-267 2971)
156, Kentish Town Road, London NW5 2BT.
Deposit Rate 5.20. Share Accounts 6.20.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	1978 Low	Stock	£	+ or –	Yield Int.	Yield Red.
102½	100¾	Treasury 10½pc '78‡‡	100⅜	.....	10.42	7.07
99⅝	98¾	Exch. 5pc '76-78‡‡	99⅛	.....	5.04	6.98
105½	102½	Treasury 11½pc '79‡‡	102½	–⅛	11.8	8.11
97	94¾	Treasury 3pc '79‡‡	95½	.....	3.14	6.36
97⅞	95½	Electric 4¼pc '74-79	96¼	.....	4.42	7.01
104½	101½	Treasury 10½pc '79‡‡	101½xd	–⅛	10.30	9.10
96½	94¾	Electric 3½pc '76-79	95⅛xd	+¼	3.65	6.29
103⅛	98½	Treasury 9pc 1980‡‡	99⅛	+⅛	9.06	9.36
102½	99½	Treasury 3½pc '80‡‡	100⅛xd	+⅛	9.48	9.42
95½	92⅞	Treasury 3½pc '77-80	92⅞	.....	3.77	7.11
96½	94	Funding 5¼pc '78-80‡‡	94⅞	.....	5.53	7.87
110¼	105½	Exchequer 13pc 1980‡‡	106⅛	–⅛	12.21	10.13
106¼	102½	Treasury 11½pc 1981‡‡	103⅛	+⅛	11.16	10.17
91⅝	88⅝	Treasury 3¼pc 1979-81	89½	.....	3.92	7.80
101¼	99	Treasury 9¾pc 1981‡‡	99⅛	+⅛	9.83	10.06
97½	95	Exch. 8¼pc 1981	95⅛	+⅛	8.67	10.08
100¼	98	Exch. 9¾pc 1981	98⅛	+⅛	9.69	10.20
87½	86¼	Exch. 3pc 1981	85⅞	.....	3.45	7.51
96½	96⅛	Treas. Variable '81‡‡	96¼xd	.....	6.38	8.68
111	105½	Exch. 12¼pc 1981‡‡	106⅛xd	+⅛	11.58	10.56
99⅛	94⅞	Treas 8½pc '80-82‡‡	95⅛	+⅛	8.91	9.99
86⅝	83½	Treasury 3pc '82‡‡	84⅛	.....	3.57	7.88
115⅞	110⅛	Treasury 14pc '82‡‡	110⅛	+⅛	12.68	10.65
96	95⅝	Treas. Variable '82‡‡	95⅝	.....	7.81	8.74
96⅛	92⅞	Treasury 8¼pc '82	93⅛	+⅛	6.85	10.28
100¼	95½	Exch. 9¼pc 1982	95⅛	+⅛	9.67	10.47
96½	93¼	Exch. 8¾pc 1983	93½	.....	9.36	10.52

Five to Fifteen Years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**INTERNATIONAL BANK

88	83	5pc Stock '77-82	83	.....	6.02	9.92

**CORPORATION LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**COMMONWEALTH & AFRICAN LOANS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Public Board and Ind.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Financial

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or –	Div. %	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	1978 Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Continued

1978 High	1978 Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 52¾% (based on $US1.8470 per £)

Conversion factor 0.6547 (0.6558)

CANADIANS

1978 High	1978 Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 52¾% (based on $2.1080 per £)

BANKS AND HIRE PURCHASE

1978 High	1978 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY—Cont.

1978 High	1978 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CINEMAS, THEATRES AND TV

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES—Cont.

1978 High	1978 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICAL AND RADIO

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING MACHINE TOOLS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

1978 High	1978 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS—Continued

1978 High	1978 Low	Stock	Price	+ or –	Div. Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	170	—5	Q50c	1.3	25.1
24	17	Rhod'n Corp. 16⅔p.	19xd	......	0.56	ϕ	4.5
73	52	Roan Cons. K4	68	......	—	—	—
137	122	Tanganyika 50p	129	+1	Q11.0	1.1	8.5
80	78	Do. Pref. 80p	80	......	Q9%	16.4	9.0
41	32	Wankie Col. Rh.1	36xd	—1	†Q7½c	1.4	17.8
12½	10	Zam. Cpr. SBD0.24	11½	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
12	10	Acmex 25c	10	......	—	—	—
113	64	Bougainville 50 Toea.	113	+6	Q8c	1.4	4.9
78	63	BH South 50c	77	—1	—	—	—
214	148	Conzinc Riotinto 50c	214	+4	Q10c	2.2	2.9
72	52	G.M. Kalgoorlie $1	60	—3	—	—	—
101	81	Hampton Areas 5p	101	+2	1.45	4.1	2.2
17	10	Metals Ex. 50c	16	......	—	—	—
187	125	M.I.M. Hldgs. 50c	186	—1	Q9c	1.7	3.0
24	10	Mount Lyell 25c	24	......	—	—	—
2½	1½	Newmetal 10c	2	......	—	—	—
112	79	North B. Hill 50c	112	+1	Q8c	1.5	4.4
11½	8½	Nth. Kalgurli	10½	......	—	—	—
156	117	Oakbridge $A1	155	—1	†Q11c	1.9	4.4
40	30	Pacific Copper	40	......	—	—	—
£10⅛	750	Pancont'l 25c	975	—27½	—	—	—
18½	12	Paringa M&Ex 5p	15½	+½	—	—	—
480	310	Peko-Wallsend 50c.	480	+10	Q15c	4.0	1.9
122	84	Westn. Mining 50c	120	—2	Q6c	1.4	3.1
50	35	Whim Creek 20c	45	......	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	24	Amal. Nigeria	25	......	†2.51	1.6	15.2
305	240	Ayer Hitam $M1	300	+10	‡Q46.7c	0.9	‡
55	45	Beralt Tin	53	......	3.75	2.3	10.7
253	200	Berjuntai $M1	250	+10	‡Q110c	ϕ	‡
130	111	Geevor	130	+2	18.05	3.4	21.0
10	8½	Gold & Base 12½p	9½	......	—	—	—
270	220	Gopeng Cons.	220xd	......	15.0	0.9	10.3
155	130	Hongkong	155	+8	—	—	—
93	78	Idris 10p	78xd	......	7.5	ϕ	14.6
11	10	Jantar 12½p	11	......	—	—	—
73	68	Kamunting $M0.50	69	+1	2Q15.5c	0.7	4.8
450	450	Killinghall	450	......	Q125	ϕ	27.8
320	280	Malay Dredging $M1	305	+15	†Q95c	0.8	6.7
51	40	♦Pahang	50	......	†Q2.5	0.5	5.0
58	50	Pengkalen 10p	55	+5	6.5	1.3	17.9
190	165	Petaling $M1	182	+5	mQ12½c	10.9	1.5
61	49	Saint Piran	53	+1	g1.99	4.6	5.7
61	47	South Crofty 10p	52	+1	b4.13	1.5	12.0
180	140	South Kinta $M0.50	150	+10	tQ77.8c	2.4	12.2
280	230	Sthn Malayan $M1	240	+10	tQ31.3c	1.1	11.8
178	134	Sungei Besi $M1	175	+5	—	—	—
68	55	Supreme Corp. $M1	68	+2	2Q10c	—	3.2
100	87	Tanjong 15p	87xd	......	4.5	ϕ	7.8
90	74	Tongkah Hrbr. $M1	90	+5	Q56.82%	1.6	13.6
185	148	Tronoh $M1	185	+10	ZQ88c	ϕ	10.2

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
96	70	Messina R0.50	88	+2	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
9	9	Burma Mines 17½p.	9	......	—	—	—
300	220	Cons. Murch. 10c	265	+15	Q30c	2.6	6.8
335	245	*Northgate C$1*	335	+20	—	—	—
205	164	R.T.Z.	205	+9	9.5	ϕ	7.2
46½	30	Sabina Inds. C$1	33	+2	—	—	—
950	750	Tara Exptn. $1	880	+30	—	—	—
45	43	Tehidy Minerals 10p	43	......	1.21	2.5	4.3
156	120	Yukon Cons. C$1	156	......	Q7c	ϕ	2.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	24	......
Bdg'wtr. Est. 50p	269	+3
Clover Croft	22	......
Craig & Rose £1	418	......
Dyson (R. A.) A.	40	—1
Ellis & McHdy	65	......
Evans Fr'k. 10p	57	......
Evered	14	—1¼
Fife Forge	47	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	150	......
Higsons Brew	80	......
I.O.M. Stm. £1	147	+2
Holt (Jos.) 25p	250	......
N'thn. Goldsmith	53	......
Pearce (C. H.)	129	......
Peel Mills	18½	......
Sheffield Brick	46	......
Sheff. Refrshmt.	51	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82.	£93¾	......
Alliance Gas	62	—3
Arnott	290	......
Carroll (P.J.)	90	......
Clondalkin	93	......
Concrete Prods.	128	......
Heiton (Hldgs.)	43	......
Ins. Corp.	186¼xd	......
Irish Ropes	132	......
Jacob	58xd	—3½
Sunbeam	29	......
T.M.G.	170	......
Unidare	95	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	23	Tube Invest.	30
A.P. Cement	18	"Imps"	7	Unilever	40
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	10	Inveresk	7	Vickers	15
Barclays Bank	25	KCA	5	Woolworths	6
Beecham	38	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	5
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	5	Intreuropean	4
Brown (J.)	20	*London Brick*	5	Land Secs.	18
Burton 'A'	13	Lonrho	7	MEPC	12½
Cadburys	5	Lucas Inds.	25	Peachey	10
Courtaulds	10	Lyons (J.)	13	Samuel Props.	10
Debenhams	10	"Mams"	7	Town & City	2
Distillers	13	Mrks. & Spncr	11	**Oils**	
Dunlop	8½	Midland Bank	25	Brit. Petroleum	35
Eagle Star	11	N.E.I.	20	Burmah Oil	7
E.M.I.	18	Nat. West. Bank	22	Charterhall	3½
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	10	Ultramar	22
Glaxo	40	Plessey	9	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	18	Rank Org. 'A'	18	Cons. Gold	20
Guardian	18	Reed Intl.	14	*Rio T. Zinc*	16
G.K.N.	22	Spillers	4		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Wednesday April 19 1978

Treasury 'lack of openness' attacked

By Peter Riddell, Economics Correspondent

THE TREASURY was criticised yesterday for a lack of openness *in the public presentation* of its thinking about economic policy options and of its research work.

The criticisms come in a report commissioned by the Treasury from a *committee* chaired by Professor Jim Ball, Principal of the London Business School.

Professor Ball said yesterday the Treasury had an educational role in being more open about *its* research and policy analysis and in presenting to the public the results of alternative courses of action open to Ministers.

The Committee proposes the creation of a separate research unit within the Treasury and a new advisory *council of economists* with an independent chairman and a majority of outside members to monitor the unit's work.

The criticisms appear to have received a distinctly cool reception in the Treasury where senior economists feel that remarks about a lack of openness are both *out of date and exaggerated.*

Attention is drawn to the recent publication of internal working papers on the effects of devaluation and the standard *budget balance* and to meetings with a wide range of outside economists before the budget.

'Consideration'

The Treasury already has an academic panel of economists advising on the forecasting model of the economy, though Professor Ball argued that a new advisory council was necessary to carry greater weight and to provide more independence than at present.

No decisions are likely for a few months after the non-committal statement that the Government *is giving "careful consideration"* to the committee's recommendations.

The 117-page report includes a wide-ranging discussion of *economic policy making,* as well as the first published description of the Treasury's own six-week forecasting round. The report says the Treasury's forecasting *performance* has not been demonstrably worse than those of other forecasters.

The committee's brief had been to consider the feasibility and *value of applying* optimal control techniques to economic policy-making. This approach involves an attempt to reconcile certain specified goals and achieve a desired balance between the necessary trade-offs. The techniques were derived from engineering and were developed during the space programme.

The committee was sceptical about the direct benefits of this approach to decision making though it suggested that it might help at a technical level for those building statistical models of the economy. However, work on optimal control should not be the single most important *priority in* forecasting.

Details Page 10

Redpath £12m. loss written off by BSC

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BRITISH Steel Corporation is *writing-off £12m. losses* accumulated by its subsidiary Redpath Dorman Long (North Sea) and merging the company with the Dutch De Groot group *in an effort to win oil platform* orders.

A joint venture firm, Redpath De Groot Caledonian, will own and run the yard at Methil, *Fife,* which has three *months'* work left completing its share of a steel jacket for Texaco. Bidding for new contracts will start next month, when the company *formally comes into being.*

Methil has a reputation for late delivery which it has found difficult to live down in spite of improvements in its recent *performance.* Redpath hopes that by involving the Rotterdam group—whose record is good in offshore work—it can improve the yard's prospects.

This is reflected in the price of £3m. which De Groot is paying for its 43 per cent. stake. British Steel had invested some £15m. in the yard over the last *six years* and realisable assets are worth about £10m.

Mr. David Waterstone, chairman of Redpath and the new company, said that the corporation had taken a "realistic view" of the value of the yard and struck its bargain on that basis.

"I do feel that having formed this grouping we are going to be *in a much stronger position to* get work than we were in the past.

"We are linking with a group which has a first-rate reputation with the oil companies and has *a fairly wide range of interests* in offshore engineering."

Mr. Waterstone added that if new platform orders were secured there would be component *sub-contracts* for other companies in both groups, including the Redpath yard at Glengarnock.

Redpath will take 48 per cent. *of the equity in the new company,* the Scottish Development Agency is lending £500,000 and will take 4 per cent., and the Edinburgh-based North Sea *Assets, which brought* the British and Dutch companies together, will buy the remaining 5 per cent. share.

Survival

The company will be jointly run, although De Groot *is* appointing the managing direc*tor.* The British Government has been kept informed of the negotiations and a telegram approv*ing the deal was sent* yesterday by Dr. Dickson Mabon, the junior Energy Minister.

The Government and local authorities are anxious to see the survival of the yard, which is vital to the Methil area where *unemployment is high. About* 600 men are working on the Tartan Field platform — split with UIE of Cherbourg — compared to twice that number *employed two years ago.*

De Groot has wide experience in offshore fabrication and recently entered into a partnership in Norway to build modules.

Mr. Jaap De Groot, the company's president, *said* that it had been looking for a yard where it could manufacture large structures for deep water fields, which up to now it has not been able to tackle.

Mr. James Milne, Scottish TUC general secretary, said in Aberdeen yesterday it was disappointing that a nationally owned *company should be changed in* this way, but it was the best that could be done in the circumstances. It should mean some job stability and further orders.

John Lloyd writes: Amid continuing rumours of U.K. and foreign interest in buying steel works threatened with closure by the British Steel Corporation, the German company of Korf-Stahle yesterday denied reports that it was considering buying British *Steel's Glengarnock* plant.

The denial was issued after a Board meeting at the company's headquarters in Baden-Baden on Monday night.

The future of Glengarnock was the subject of a meeting between Sir Charles Villers, chairman of British Steel, and two Scottish National Party MPs, Mr. Douglas Crawford and Mrs. Margaret Bain.

No assurances were given on the future of Glengarnock, which is threatened with closure. Sir *Charles also refused to commit* himself on the construction of an integrated steelworks at Hunterston, which has been delayed indefinitely.

News Analysis, and Oil Fields Expansion, Page 8

Collett agency may face criminal charges

By Michael Thompson-Noel

THE INLAND REVENUE in*tends to launch* criminal proceedings against Collett, Dickenson, Pearce, Britain's biggest publicly quoted advertising agency, and its chairman and *managing director.*

The nature of the proceedings is not known, says the agency, but they apparently arise from inquiries the Revenue *has conducted* into the tax affairs of the group for periods before December 31, 1974.

Collett, Dickenson, Pearce International, the holding company, which announced a 68 per cent. surge in pre-tax profits for 1977 to £1.38m., yesterday said that any pro*ceedings by the Revenue* would be "strongly resisted."

On the strength of its annual results the company's shares closed 5p higher last night at 63p.

The company said yesterday: "The directors announced in October 1977 their intention to take account as an extraordinary item (but without admitting liability) of an amount then estimated at £600,000 against unanticipated claims under the Taxes Act for *periods prior to* December 31, 1974 substantially relating to payments in respect of overseas subsidiaries and associated companies.

"The Inland Revenue has this week informed Collett, Dickenson, Pearce International of their intention to institute criminal proceedings *against* Collett, Dickenson, Pearce International, its chairman (Mr. John Pearce), its managing director (Mr. Frank Lowe), and its trading subsidiary, *Collett, Dickenson, Pearce* and Partners."

A director of the company said last night: "It is my view that this business with the *Revenue is a storm* in a teacup. What is not a storm in a teacup is our profits for last year, the highest ever achieved by a British-owned advertising agency."

With estimated advertising billings this year of £50m., the company is Britain's fifth biggest advertising agency.

*It is renowned in the adver*tising business for highly stylised, innovative, creative work for a number of blue-chip clients that include Barclays Bank, Birds Eye, Carnation Foods, EMI Records, Fiat, Gallaher, Hovis, ICI, Reckitt and Colman, Ronson Products, Texaco and Whitbread.

Its group turnover *last* year was £36.8m. (£25.7m.). The pre-tax profit of £1.38m. compares with £826,311 the previous year. The directors recommend a final dividend of 1.7121p a share for a total of 3.2686p, the maximum permissible.

THE LEX COLUMN

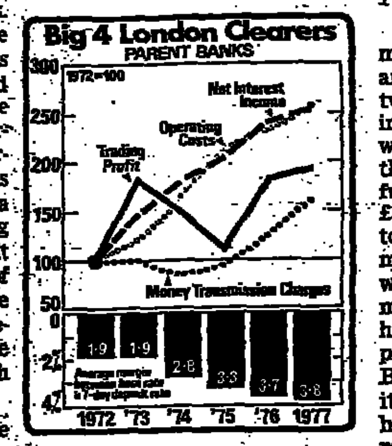
Clearers breathe more easily

The clearing *bankers in their* parlours will have a friendly word or two to say about the Price Commission's report on *money* transmission charges. Apart from dusting down the old Prices and Incomes *Board's* calls for Saturday opening and greater profits disclosure, the Commission has no very important criticisms. Yet it is surprising that the report contains no more radical comments on a sector which has a declining share of the retail deposit *market, has lost a big chunk of* its wholesale business to the American banks, and has generated an ever-increasing volume of bits of paper going through the financial system.

Some of these matters were clearly outside the Commission's terms of reference, but it has made little effort to recognise the fact that the banks' underlying cost structure *is* now badly out of line with the declining volume of real business now passing through the branches. Over the past couple of years the banks have protected their *profits by defensively widening* the gap between their base and seven day deposit rates but as the Commission points out there is little further scope in this direction.

At least the Price Commission comes out strongly against the accounting mumbo-jumbo of the "Leach Lawson" rules. It sees no reason why the banks should not draw up their accounts on a conventional basis and disclose *the full extent of their general* provisions against bad and doubtful debts, which in any case are widely known to represent between 1-1½ per cent. of their advances. It seems that in principle the banks do not oppose full disclosure but they are not going to be hurried. They will *not wish for instance to lose* the residual protection which "Leach Lawson" could give to their P and L accounts in a 1974 type situation.

Index rose 6.8 to 453.5



Hawker Siddeley

The latest report from *Hawker Siddeley shows* net cash of no less than £99m. in its balance sheet at the end of 1977, a degree of improvement surprising even in the wake of aircraft nationalisation. For comparison the end-1976 net cash holding was just £15m., while since nationalisation Hawker *has been repaid* areospace loans of £48.7m. (It has agreed to treat a residual £4.3m. as on an equal *footing* with shares). The remaining book interest in the aerospace companies *is £25.8m.,* and a payment on account of £3.1m. has now been received. But negotiations on the basis of compensation have really hardly begun, and meantime Hawker is crediting notional interest (of £1½m. last year) on the balance.

For shareholders there is an awkward paradox, however, in a company bulging with cash of around 50p a share against a price of 188p, while the yield *on shares is a mere 3.3 per cent.* So a great deal depends on *whether* dividend constraint is removed in August.

The results for 1977 are closely in line with expectations at £95m. pre-tax (excluding aerospace) against a comparable £73m. A curiosity is the absence of the normal segregation of H.S. Canada, but there is *said to be nothing sinister about* a delay in the local announcement which is preventing publication by the parent. In proportionate terms, the electrical engineering division of the group has shown the faster growth, aided by power generation business in areas like the *Middle East and Nigeria,* and by the strength of the U.K. electric motors side. *In mechani*cal engineering the main growth has come at the heavier end of the diesel market.

This year orders could be a little harder to find, but Hawker still strikes a confident note. In any case the main interest is going to centre on the group's reinvestment programme, and while the group is not forth*coming about its acquisitions* plans it is less bashful about a £75m. internal capital spending programme which is weighted towards diesels and electri motors.

Atlantic Assets

When the Edinburgh invest ment management house Ivory and Sime sought new capita two years ago it went to a independent source, Amex Bank which picked up 30 per cent. o the equity. But now, in issuing further block of equity fo £540,000 in cash, it has turne to the publicly quoted invest ment trust Atlantic Assets which is, of course, a manage ment client. Apparently Atlanti has paid no more than the Ame price, and the p/e is now lowe. *But in an industry notorious fo* its inter-relationships it woul have been reassuring to se rather more detail provide than *simply a bald statement* Atlantic Assets' fait accompli.

OCL

Overseas Containers Limite (OCL) has now firmly estal lished itself as the most profi able U.K. shipping compan Whereas profits of its two mai *shareholders,* Ocean Transpo and P and O, are under growin pressure, OCL has managed push its pre-tax profits £6.2n higher to £48.7m.

This performance comes afte some substantial advers currency movement in 197. Leaving aside the exchang *losses* of £4.3m. on *foreig* currency loans, OCL recko that the strengthening of th pound knocked an addition £7.0m. off its profits and th Tilbury and Southampton doc disputes another £3.0m. Mea while, depreciation and intere charges were £4.2m. higher.

Not that OCL is without problems. It has virtually co *pleted its major containerisatio* programme and growth fro now on is going to be far mo pedestrian. The continuin Southampton dock dispute costing it close to £0.5m. pe week in extra transhipment cos while the Trans-Siberia railw poses a serious threat to th *group's lucrative Far Easte* routes in the medium term.

This year it is resigned losing money on its Sou African business since the pr perous southbound traffic h dropped off by 45 per cent., a it expects overall profits to "slightly lower." But the jok *in the pack* is currencies. sterling continues to weak *against the dollar the profit p* ture could look more rosy by t end of the year.

Unions call for 35-hour week to create more employment

BY CHRISTIAN TYLER

THE CHANCELLOR, Mr. Denis Healey, will come under heavy TUC pressure to leave the cost *of shortening the 40-hour work*ing week out of the Government's planned 7 per cent. limit on average earnings increases in the next wage round.

A 35-hour week without loss of pay in order to help shorten the *dole queues is now being urged* by the big unions—in Europe as well as in the U.K.

TUC leaders told delegates to the Scottish TUC in Aberdeen yesterday that the time had come to stop just talking about unemployment and berating the Government, and to go out and win extra jobs at the bargaining table.

But recognising that the Government will try to keep a firm hand on the public sector in its go-it-alone pay restraint plan for *1978-79,* the congress called for the Government to take the lead on hours.

The message from here is certain to be repeated at union conferences through the *summer* and at this autumn's full TUC Congress. It will inevitably figure in the discussions that the Chancellor plans with senior *union leaders* on wages and prices.

Although he recognises that he will get no declaration of support for his 7 per cent. target, Mr. Healey will be looking for reassurance that at least the 12-month gap between pay rises will continue to be observed.

Any concession he makes on the *shorter* week would undoubtedly strengthen the already manifest desire of union leaders not to campaign outright against the next incomes policy in a way that would *risk confrontation* in a pre-Election period.

Speaking in the city which is the main supply base for North Sea oil—whose benefits are seen by the unions as the real chance of dealing with structural unemployment—Mr. Moss Evans, general secretary of the Transport and General Workers Union said: "Ministerial pronouncements on the evils of unemployment will look very hollow if the Government tries to prevent a 35-hour week in the next round of *negotiations in the public* sector."

Reflation call

Earlier, Mr. David Basnett, TUC chairman, said that the Government must reflate further even *though* the *budget* had made a start on the tax front. But he challenged unions to "put our negotiations where our mouth is."

"We make *speeches* about unemployment, we profess is to be the most serious problem facing us. We demand action from others. But what do we do ourselves? Can we not negotiate our way out of overtime?"

Up to 200,000 jobs could be created by cutting overtime working in half. A shorter working week could create 750,000, he said. The union's own credibility was at stake.

Among other demands approved yesterday were a progressive reduction *in* the retirement age for men to 60, selective import controls and further training for school leavers and re-training for those made redundant.

Peter Riddell, Economics Correspondent, writes: Mr. Healey yesterday removed the remaining uncertainty about the timing of a possible further economic stimulus.

He said the Government had no plans whatsoever for introducing a new Budget and the earliest moment that any further action could be taken, assuming real progress at the world economic summit, would be a great deal later than July.

Mr. Healey's comments were made during a visit to Lambeth where a by-election is taking place to-morrow.

Officials have made it clear that there is no room for a further stimulus at present within the borrowing and *monetary* guidelines. It will not really be possible even to consider further action until the prospects for earnings, public spending and world trade *are* clearer in the early autumn.

Continued from Page 1

Bank

"no reason why arrangements with trade unions and staff associations should not provide for such flexibility."

The report set out a number of other proposals for promoting competition in banking. Jointly negotiated tariffs and joint working arrangements should be brought before the Restrictive Practices Court as soon as possible—in response to this Mr. Gordon Borrie, the *Director* General of Fair Trading, issued a statement describing his responsibility for such agreements.

It is argued in the report that the *Bank of England should* take over responsibility for regulating the Bankers' Clearing House, the machinery for clearing cheques.

Nick Garnett writes: *On* flexible opening hours, Mr. Leif Mills, general secretary of the National Union of Bank Employees, criticised the Commis*sion for taking only a "cursory* glance" at the problem and having no understanding of the difficulties.

He said the Commission's points on Saturday opening were "glib and ludicrous" and took no account of the economics of opening branches on more than five days a week. Saturday opening would bring in no new business and would entail higher *operating* costs with *extra* staff and shift premium payments.

The Commission, said Mr. Mills, had had little consultation with the unions and talks between employers and the unions on flexibility was of no concern *to the Commission.*

The Barclays Group Staff Association, which has agreed pilot schemes on increased week-day flexibility with Barclays, but not *Saturday opening, said it* was the job of the banks and the unions but not the Commission to decide on what happened about opening hours.

The *Confederation of* Bank Staff Associations, the umbrella body for the clearing bank staff associations, is firmly opposed, along with NUBE, to Saturday opening.

Short-time compensation plan

BY ALAN PIKE, LABOUR CORRESPONDENT

WORKERS on short time will have a statutory *right to com*pensation from next year if Temporary Employment Subsidy ends under Government proposals published yesterday.

*Ministers have been consider*ing the possible benefits of short-time working schemes since the subsidy ran into difficulties with the EEC Commission last year.

A temporary *scheme* is due to be introduced in the textile, clothing and footwear industries to compensate for EEC restrictions on the subsidy by the end of next month.

Proposals outlined yesterday in a Department of Employment consultative document are for a more extensive and permanent scheme throughout industry which would be *jointly* funded by the Government and employers.

Special short-time working *schemes separate from the main* unemployment benefit system already exist in Germany, France and Italy.

It has thus "increasingly been accepted in Europe that employers should provide compensation, closely related to normal pay for workers on short-time, but the cost should not fall *entirely on the individual* employer," the Government says.

The British scheme would be divided into permanent and temporary tiers.

A taxable 75 per cent. of normal gross pay for each day lost is suggested as a possible level of compensation under the permanent scheme, with a substantial proportion, maybe 50 per cent. of the cost to individual employers met from a short-time working fund.

The temporary tier of the *scheme would operate at times of* particularly high unemployment.

Under it, *full cost* to employers would be refunded provided they could satisfy the Government that short-time was an alternative to redundancy.

The *consultative document* calculates that an increase in employers' National Insurance contributions of about 0.15 per cent.—10p per week at the average industrial wage—would be needed to help finance the fund.

But it says this would be almost entirely offset by savings *in guarantee and redundancy* payments.

Gross cost to public funds might be about £490m. a year, but this would again be reduced by savings alsewhere.

Saudi under-water hotel study

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

AN ANGLO-FRENCH consortium has been commissioned by a Saudi Arabian company to carry out a feasibility study into proposals for an under-water hotel complex off the coast of Bahrain.

Sheikh Yamani, the Saudi Arabian Oil Minister, is believed to have an interest in the client company.

The development, probably in international waters, would include all the facilities of a top-class international hotel and could rival London's Mayfair as a magnet for wealthy Arabs looking for somewhere to enjoy their leisure.

It would be made up of six inter-connecting modules, embedded in the sea-bed like an oil platform. Access would be by boat or helicopter—a helicopter landing pad would form the central module.

The idea was conceived by a Frenchman, M. Andre Gass, who first approached the Egyptian Government. The Egyptians considered floating *the hotel in* the Gulf of Suez opposite the Sinai Peninsula.

M. Gass's company, Loghan, commissioned a French offshore engineering company, EMH, to carry out a feasibility study.

EMH in turn formed a joint venture with the French subsidiary of the British company of designers and architects Fitch.

When the Egyptians decided not to go ahead with the idea, Loghan approached other possible clients. Two days ago a representative of Sheikh Yamani's business interests signed a contract for a technical feasibility study.

As *originally* conceived by M. Gass, two of the modules in the complex would have been hotels. Each suite, would have had a terace above the water line as well as *normal* comforts such as a bathroom and air conditioning.

Weather

U.K. TO-DAY

RAIN spreading, some bright spells.

London, S.E., Cent. S., E., Cent. N., N.E. England, E. Anglia, Midlands, N. Wales

Mainly dry at first. Rain later. Hill fog. Wind S., moderate. Rather cold. *Max. 10C (50F).*

Channel Islands, S.W. England, S. Wales

Rain, Hill fog. Brighter later, with showers. Near normal. Max. 11C (52F).

N.W. England, Lake District, Isle of Man, N. Ireland

Rain. Rather cold. Max. 8C (46F).

Borders, Scotland

Mostly cloudy, rain at times. Rather cold. Max. 6C-8C (43F-46F).

Outlook: Rain, becoming dry.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amsterdm	S	11	52	Madrid	F	20	68
Athens	S	17	63	Manchestr	C	6	43
Bahrain	C	29	84	Melbourne	S	19	66
Barcelona	C	14	57	Mexico C.	S	24	75
Beirut	F	19	66	Milan	S	13	55
Belfast	C	6	43	Montreal	C	10	50
Belgrade	C	5	41	Moscow	C	18	64
Berlin	F	11	52	Munich	S	8	46
Birmngham	R	5	41	Newcastle	C	9	48
Bristol	C	7	45	New York	C	11	52
Brussels	F	11	52	Oslo	R	4	39
Budapest	C	8	46	Paris	R	5	41
B. Aires	S	26	79	Perth	S	24	75
Cairo	S	29	84	Prague	F	9	48
Cardiff	C	9	48	Reykjavik	R	8	46
Chicago	C	9	48	Rio de J'o	S	30	86
Cologne	S	12	54	Rome	S	15	59
Dublin	R	8	46	Singapore	S	31	88
Edinbrgh	C	10	50	Stockholm	S	7	45
Frankfurt	S	13	55	Strasbourg	S	13	55
Geneva	C	7	45	Sydney	S	21	70
Glasgow	C	10	50	Tehran	R	18	64
Helsinki	S	8	46	Tel Aviv	S	19	66
H. Kong	C	21	70	Tokyo	C	16	61
Jo'burg	S	24	75	Toronto	S	6	43
Lisbon	S	19	66	Vienna	C	10	50
London	R	6	43	Warsaw	R	6	43
Luxembrg	S	10	50	Zurich	S	9	48

HOLIDAY RESORTS

Ajaccio	S	14	57	Jersey	C	10	50
Algiers	F	22	72	Las Palms	S	21	70
Biarritz	C	13	55	Locarno	S	13	55
Blackpool	C	6	43	Majorca	F	19	66
Bordeaux	C	13	55	Malaga	F	23	73
Boulogne	C	6	43	Malta	F	16	61
Casablnca	F	19	66	Nairobi	R	22	72
Cape Tn.	S	20	68	Naples	F	13	55
Corfu	F	13	55	Nice	F	13	55
Faro	F	21	70	Nicosia	S	18	64
Florence	S	15	59	Oporto	F	15	59
Funchal	F	19	66	Rhodes	F	17	63
Gibraltar	C	20	68	Salzburg	F	9	48
Geurnsey	R	9	48	Tangier	F	18	64
Innsbruck	S	10	50	Tenerife	S	19	66
Inverness	C	7	45	Tunis	S	19	66
Is. of Man	R	10	50	Valencia	F	24	75
Istanbul	F	14	57	Venice	S	12	54

F—Fair. S—Sunny. C—Cloudy. R—Rain.

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